



UN-HABITAT



United Nations Human Settlements Programme

Programme des Nations Unies pour les établissements humains - Programa de las Naciones Unidas para los Asentamientos Humanos

HS-Net

Proceedings

of

the First Advisory Board Meeting

of

**the Global Research Network on Human Settlements
(HS-Net)**

United Nations Office in Nairobi, Kenya

1-3 November 2004

Policy Analysis, Synthesis and Dialogue Branch
Monitoring and Research Division
UN-HABITAT

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I. Introduction

I.A. Background to the meeting

1. UN-HABITAT's research-based flagship reports, the *Global Report on Human Settlements* and the *State of the World's Cities* report (published biennially) are the main vehicles for global reporting and dissemination of the results of the organization's monitoring and substantive research. The research on substantive issues and policies required for the flagship reports is based partly on partnership with research institutions all over the world. To date, such partnerships have been formed mainly around each issue of the Global Report on Human Settlements, with the composition of each partnership changing from issue to issue and from topic to topic.
2. A review of the effectiveness of the flagship report preparation strategy by the Monitoring and Research Division proposed the establishment of a global research network for the Flagship Reports. The purpose of the Network would be to provide a global mechanism for channelling expert advice to UN-HABITAT on the substantive content of its flagship reports and, generally, to increase global collaboration and exchange of information on human settlements conditions and trends and on progress in the implementation of the Habitat Agenda and relevant United Nations Millennium Development Goals.
3. In response to the recommendation, the "Global Research Network on Human Settlements, HS-Net" was established in mid-2004. An Advisory Board for the network, composed of multidisciplinary researchers in the Human Settlements field representing the various geographical regions of the world was also established. The key role of the Advisory Board is to advise UN-HABITAT on the substantive content of the Flagship reports and on the various activities of HS-Net.

I.B. Objectives of the meeting

4. The meeting had two key objectives. The first objective was the official launch of HS-Net and its Advisory Board, and the provision of inputs by the Advisory Board into the composition and key activities of the Network. The second objective was the provision of inputs by the HS-Net Advisory Board to the detailed outline of the 2005 Global Report on Human Settlements: Financing Shelter and Urban Development.

I.C. Opening and closure of meeting

5. The Inaugural Meeting of the Global Research Network on Human Settlements, HS-Net was formally opened on 1 November 2004 at 9.00 a.m. by Mr. Don Okpala, Director, Monitoring and Research Division, on behalf on the Executive Director, Dr. Anna Tibaijuka. Mr. Naison Mutizwa-Mangiza, Chief, Policy Analysis, Synthesis and Dialogue Branch, on behalf of the Executive Director, officially closed the meeting on Wednesday 3 November at 1.00p.m.

II. Summary of discussions

6. The first day of the meeting was divided into three main sessions: The official opening of the meeting, which included the launch of the Global Research Network on Human Settlements, HS-Net; presentations and discussions on the objectives and key activities of HS-Net; and presentations and discussions on the outline of the Global Report on Human Settlements 2005: Financing Shelter and Urban Development. The outcomes of the second and third sessions are summarised in sections II.A and II.B.1 below.

7. The second day of the meeting was dedicated to presentations and discussions, including working group sessions, on detailed outlines of the different parts of the Global Report on Human Settlements 2005. The key conclusions and recommendations of the various discussions on the main sections of the 2005 report are consolidated in sections II.B.2 – II.B.5 below.

8. The final day of the meeting had three main sessions. The first of these was reporting from the working group sessions. The deliberations of the working group sessions have been consolidated with the discussions resulting from the presentations on the four main parts of Global Report 2005, and are reported in sections II.B.2.a, II.B.3.a, II.B.4.a and II.B.5.a below. The second session was a presentation on Global Data Needs for UN-HABITAT's flagship reports, by the Global Urban Observatory of UN-HABITAT (section II.C below). The final session, which included the official closing of the meeting, was a presentation and discussion on the way forward for HS-Net (section II.D below).

9. In the afternoon of the final day, the participants went on a guided tour of Nairobi during which they visited some housing projects financed by the National Housing Cooperation (NHC), the main government executing housing agency in Kenya.

II.A. Global Research Network on Human Settlements, HS-Net

10. This session focused on the objectives and modus operandi of HS-Net, and its proposed key activities. Mr. Naison Mutizwa-Mangiza made presentations on the overview of the network, the Human Settlements Global Dialogue Series and the UN-HABITAT Lecture Award Series. Ms. Ndinda Mwongo gave a presentation on the HS-Net website. The key issues and decisions emanating from the discussions following the presentations are summarised below.

II.A.1. Overview of HS-Net

- a. It was agreed that there was no need for a Steering Committee and that the first two tasks that had been allocated to the Steering Committee should be reallocated to the Advisory Board.
- b. In addition to researchers, the 'Individual Membership' category should be open to post graduate research students (both at Advanced Masters and PhD level).
- c. The benefits of membership to the Network should be balanced against member responsibilities and commitments.
- d. To be successful and sustainable, HS-Net should be both democratic and flexible and UN-HABITAT should guarantee sufficient resources.

II.A.2. Human Settlements Global Dialogue Series

- a. The Dialogue Series should cater for research papers that are longer than the normal journal article, i.e. 12,000 to 15,000 words.

- b. The papers published through the Dialogue Series should be allocated ISBN numbers.
- c. While the Dialogue Series may have an annual theme, this should be applied with flexibility so that papers outside the specified theme would also be accepted.
- d. In order to use the first year (2005) as lead-time, the Dialogue Series should initially publish commissioned papers that are already in UN-HABITAT's possession.
- e. Papers submitted for publication should be reviewed following the established practice used by reputable international scientific journals. The HS-Net Advisory Board will primarily, but not exclusively, review submitted papers.
- f. A mechanism should be developed to link research papers with policy.
- g. The Dialogue Series will accept policy-relevant case studies, including action research.
- h. The target audience of the Dialogue Series will include policy-makers, researchers, academic institutions, non-governmental organizations and UN-HABITAT staff.
- i. Papers selected will be published in any UN language, with an abstract in other UN languages and where possible, the full paper would be translated.
- j. The copyright of dialogue papers will remain with the authors.

II.A.3. UN-HABITAT Lecture Award Series

- a. The Lecture Award Series will include recognised researchers, writers/communicators with a "controversial viewpoint" (that will stir the popular press i.e. draw a crowd) or those able to deliver thought-provoking lectures based on their extensive experience in a particular field. The process should therefore involve selection rather than competition. As a result of this proposal, the Secretariat should reformulate the Lecture Award Series and circulate the revised proposal to the Advisory Board for comments.
- b. The themes and topics for the Lecture Award Series should include crosscutting issues such as culture and the topics should be broader than currently envisaged.

II.A.4. HS-Net Website

- a. The website, as proposed, is too complex and should be simplified and developed incrementally. In particular, the electronic discussions section should be developed at a later date.
- b. The website should be linked to other relevant websites.
- c. The contents of the Dialogue Platform and Resources may need to be inter-changed. In the Dialogue Platform, "cutting-edge" topics should be added to the more traditional list given in the discussion paper.

II.B. Global Report on Human Settlements 2005: Financing Shelter and Urban Development

15. Mr. Naison Mutizwa-Mangiza presented the outline of the Global Report on Human Settlements 2005: Financing Shelter and Urban Development. The presentation was intended as a backgrounder to the more detailed discussions on the Global Report that would take place the following day. The following key comments were noted.

II.B.1. Outline of Report

- a. The report should have a central theme. There are too many facts and no connecting narrative. The development of a thematic link between the various chapters would improve the readability of the report.
- b. As much as is reasonably possible, data should be gender disaggregated throughout the report.
- c. The ways in which researchers are dealing with some of the emerging issues and current concepts, e.g. livelihoods approach, should be addressed.

II.B.2. Part A: The Macroeconomic Context

17. Mr. Iouri Moisseev of UN-HABITAT, on behalf of Prof. Michael Cohen who could not attend the meeting, presented the Outline of Part A. The draft outline was well received, although it was considered rather ambitious and without a clear key message. On the layout, it was suggested that the Socio-Behavioural framework section would be better placed immediately after the Demographic framework section. It was proposed that the use of city case studies, whenever possible, would add value. These case studies should be systematic comparative studies of cities to determine the effects of various macro-economic factors, e.g. globalisation. The message on the increasing gap between the poor and the rich was clearly communicated; however, questions were raised on whether there were any pointers on how this gap could be reduced? There was a general feeling that the data used to generate the charts used in the presentation required updating so as to reflect the true position.

18. The following recommendations were made in relation to each of the proposed Building Blocks.

- a. **Demographic Framework:** The discussion in this sub-section requires a deeper approach. Changes in demography – both regionally and globally - need to be clearly articulated, and the impacts of such changes on urban services analysed. The effects of globalisation on demographic patterns, and how this impacts on migration patterns, should also be addressed. A discussion on regional demographic differences would further enrich this sub-section.
- b. **Economic Framework:** There is need for a more systematic analysis on urban economies. Issues that need to be elucidated include: What sectors of the urban economy are shrinking, or expanding? What is the increasing size of the informal sector? How are urban economies structured? Can they be classified? Informal economic activities need to be clearly addressed. In particular, their significance and impact on finance for urban development should be discussed. Finally, the analysis in this sub-section should bear in mind the urban-rural continuum.
- c. **Environmental Framework:** In addition to the negative environmental impacts of cities, there are also positive environmental impacts linked to cities that need to be mentioned. The message that ‘we should not make cities sustainable at the cost of making rural areas unsustainable’ should be clearly communicated. The issue of the role of cities in global warming should be addressed.
- d. **Socio-Behavioural Framework:** This sub-section needs to be made clearer. The following questions should be addressed. What are the activity systems of cities? Can these be overlaid to give a clearer picture? Would it be more useful to analyse the functional networks of cities rather than the social structures?

- e. **Financial Framework:** There is need for a review of the various sources of finances, including an overview of financial structures. The discussion should also touch on the issue of maintenance of existing housing and infrastructure.
- f. **Valuing Urban Assets:** There were no substantive comments on this sub-section.
- g. **What is to be Financed?:** The focus of this sub-section on financing infrastructure is too narrow. It should be made broader to include housing and other services, information and knowledge access. The discussion should also include opportunities (not just solutions).
- h. **Governance Framework:** There were no substantive comments on this sub-section.
- i. **From Analysis to Strategy: Making Virtue from Necessity.** This sub-section needs to be clarified, as its objectives are not clear.

II.B.2.a. Recommendations of the Working Groups

- a. The broader issues of decentralization should be analysed in Part A of the report, but localised issues (impact of decentralization etc.) should be raised in Part B.
- b. Whilst discussing the issue of governance, the term 'governance' has to be used carefully. It might be preferable to use 'accountability' or 'transparency' instead.
- c. The financing of large metropolises should be addressed.
- d. Part A should provide adequate introduction to relevant finance strategies, and particularly: to affordability (growth, poverty, inequality); financial trends, liberalisation, etc; and demographics (household change)

II.B.3. Part B: Municipal Finance Conditions and Trends

20. Prof. Mona Serageldin presented a detailed outline of Part B. It was clear that although there was a paucity of data in some issues of municipal finance, the information put together by Prof. Serageldin was quite extensive and it would require to be succinctly summarised. The key issues raised during the discussions on municipal finance conditions and trends are noted below.

21. Because of the general paucity of data on municipal finance, and the resulting difficulty of generating even coverage, the section should focus on highlighting major issues and new trends and make extensive use of case studies. However, it was pointed out that some data on transitional countries was available, and that the inclusion of data from the East African region would improve the coverage of Sub-Saharan Africa. It was observed that there is no overall theme, and 'decentralization' was proposed as a possible overall theme. In addition, the discussion needs to place municipal finance in the context of urban economies. Further, Part B should highlight any new thinking in municipal finance, for example, the new discussion in Asia centred on universalising urban services.

22. The following observations and recommendations were made in relation to the respective chapter outlines.

- a. **Municipal Finance for Urban Development:** This chapter should include a brief history of decentralization, including an analysis of its impact on municipal finance. It should address localised issues of decentralization while the broader issues should be analysed in Part A. In addition, the analysis should also include fiscal concentration/centralization processes, and should also take into account the impact of other policies (for example, planning, investment, housing, sanitation etc.) on municipal finance.
- b. **Municipal Responsibilities and Expenditure Patterns:** This chapter should include a discussion on off-budget expenditure and what role it plays in municipal financing, and

an analysis on why some municipalities have more responsibility and autonomy than others, and the commensurate supporting legislation.

- c. **Municipal Powers and Revenue Sources:** It was noted that in decentralization, the figures do not bear out the rhetoric, and consequently there is need to examine the political dimension and any constraints resulting thereof. A weak financial municipality situation means power and responsibility exceed the revenue available. An argument for a more systematic process of balancing power and revenues is required.
- d. **Financing Local Governments:** This chapter should also include Associations of Civil Society (not just Associations of Municipalities), and should also include lessons that can be learned from local authorities that have successfully harnessed the financial market, e.g. in South Africa.
- e. **Partnerships for Local Development and Service Delivery:** no substantive comments were made on this chapter.
- f. **Overall Performance of Municipal Finance Systems:** no substantive comments were made on this chapter.

II.B.3.a. Recommendations of the Working Group

- a. The fact that Municipal finance systems are a legacy of the city's colonial history should be addressed.
- b. In developing countries there are no incentives to pay taxes; therefore tax collection is low. What can be done to rectify this? In addition the cost of collection is too high, and there is much corruption at the local level. These issues need to be articulated.
- c. Should the issue of discussion be privatisation and/or marketization (chapter 5.1). What is the role of the market in financing municipal services?
- d. The application and role of information technology should be elucidated.
- e. There is a large variation in the functions of municipalities. Would it be possible to prepare a chart showing this?
- f. In the decentralization sub-section, the Chinese system of governance, exemplifying new decentralization policies, should be highlighted.

II.B.4. Part C: Housing Finance Conditions and Trends

24. Dr. Diana Mitlin presented the outline on Housing Finance Conditions and Trends. Various issues and observations were raised both in response to the outline of the Part and during the working group discussions. The key issues are summarised below.

25. Part C should not pre-suppose home ownership, and financing of rental housing should also be included (as a considerable proportion of slum residents live in rental housing). Financing rehabilitation of existing stock should also be addressed. The relationship between formal and micro-finance needs to be presented clearly for comparative purposes, e.g. micro-finance is useful for incremental construction while inner city slums need larger and more formal financing. The issues of availability of land and how it impacts on housing should also be addressed, and should include a brief discussion on land information systems. In addition, the issues of whether housing finance should include income-generating activities and the role of international aid in housing finance should also be raised. It was noted that the current structure of the section would need to be broadened to include additional housing finance schemes – e.g. tenant purchase and self-help that do not fit in the provided categories. The issue of regulatory frameworks and standards and

how these impact on building costs should be elucidated, as should the role of different levels of government in housing finance.

26. The following comments and recommendations were made in direct response to the presentation.

- a. **The Challenge:** Address the issue of who needs finance. Who is being excluded and why – this raises the issue of down marketing. Vulnerability must be addressed; are these interventions making the poor even poorer? The discussion should include a classification of typical housing finance systems. What is the impact of the various financing systems, e.g. private housing finance on house quality and target group? The use of comparative data, e.g. housing finance vis-à-vis total national budget, and regional comparisons would add value to the discussion.
- b. **Formal Housing:** Outline the development of formal housing finance. Could securitisation play an increasing role, especially in more sophisticated economies?
- c. **Micro-finance:** Micro-finance is generally short-term. How can this challenge be overcome? Address the challenges in the legal frameworks and conditions of micro-finance.
- d. **Community funds:** No substantive remarks were made.
- e. **Housing finance and slum improvement:** The housing dimension of slum upgrading should not be ignored. This issue is cross cutting and consequently it should be addressed throughout the report.

II.B.4.a. Recommendations of the Working Group

- a. Subsidies should be addressed as a subset of housing finance, not as a separate issue, and the need for subsidies and cross-subsidisation should be highlighted.
- b. In the discussion of Mortgage finance (formal) & Micro finance (small loans non-formal), there is a need for comparative analysis using common conceptual terminology (rhetoric) e.g. mortgage finance - Public finance, Private finance, People's finance (incl. community funds, etc); and micro finance - for housing, enterprise, housing-&-enterprise, neighbourhood.
- c. The link between housing finance & enterprise finance should be elucidated; further, enterprise finance should not be addressed as a topic per se, but as an underpinning to housing affordability.
- d. Finance for rental housing should be addressed. The scale and importance of rental housing should be highlighted (cities need rental housing).
- e. With regard to access of lower-middle income groups to finance, it should be clarified that the problem is often legislative and procedural rather than affordability (down marketing mortgages). Further, the issue of lack of development finance (due to its limited profitability) should be raised.
- f. It was noted that the issue of slum upgrading was crosscutting, and should be addressed throughout the report, perhaps culminating in a chapter on Slum Upgrading. However it should not repeat the discussion in GRHS 2003, but should advance the debate.

II.B.5. Part D: Policy Directions

28. Dr. Graham Tipple made a presentation on the outline of Part D. He pointed out that because Part D is based on the outcomes of the preceding Parts, it could only be fully developed once the

author had received the drafts of Parts A, B and C. Below is a summary of the comments and recommendations on Part D.

29. Part D should clearly relate to the rest of the report, with one or two themes running right through. It was proposed that the Part layout should be restructured, with the first section being interchanged with the last. The focus of Part D should be on policy assessment over the last 30 years with a pointer to the future, which should be illustrated with highlights of some successful policies and new policy directions. The author will need to grapple with the question of whose policy direction is being considered? If national, is it realistic and possible to generalise, and will country priorities be highlighted? Additionally, comparative analysis should be carried out on the following: housing values in different countries; how different countries and regions finance their housing; percentages of GDP allocated to housing; international aid for municipal and housing finance. These will be useful in highlighting any disparities in policy direction. It would also be important to provide an indication of the direction of the broader financial system (as the housing and municipal finance markets are a sub-system of this). The macro-economic data should include the effects of agglomeration and metropolisation and how these impact on land prices. Part D should also address people's ability to pay for housing; how the poor are not serviced by formal housing finance; and the difficulties of scaling-up. The discussion should also highlight the issue of infrastructure maintenance – why is maintenance not being done?

II.B.5.a. Recommendations of the Working Groups

- a. It is important that all the different sections of the report link together.
- b. The current trends toward partnership and cooperation between cities should be highlighted e.g. cities networking to pool their resources (as is happening in many European countries for example, the Netherlands and in France).
- c. The relationship between municipal tax rates and cost of services should be elucidated. Often there is no clear relationship and there is a need to link these more directly.
- d. The issue of autonomy of municipal governments should be discussed because it has a direct bearing on improving municipal finances.
- e. The importance of and need for subsidies should be addressed.
- f. The importance of rental housing, including the special finance needs and appropriate legal and regulatory framework of landlords and tenants, should be addressed.

II.C. Global data needs

31. The presentation, made by Ms. Christine Auclair of UN-HABITAT's Global Urban Observatory (GUO), was intended to brief the HS-Net Advisory Board on the monitoring activities of UN-HABITAT as they relate to the Global Report on Human Settlements and the State of the World's Cities report. GUO also sought to benefit from the collective wisdom of the Advisory Board in collecting Cluster B country and city level policy indicators. These indicators are designed to be collected via a variety of methods, including, official reporting, Expert Group Meetings, networks, etc. A short questionnaire intended for the collection of cluster B indicators was circulated for comment.

32. The following were the key comments on the questionnaire and its mode of employment:

- a. The questionnaire is complicated. Some of the definitions used in it are ambiguous and need to be simplified. As a result, some of the questions will not yield the information that is required.

- b. The questionnaire needs to be modified and a pilot process used to gauge its appropriateness.
- c. Some of the information required could be garnered from other sources, e.g. information on credit finance could be sourced from IMF country data.
- d. Instead of seeking to use one individual to answer the questionnaire, it may be more productive to administer the questionnaire to institutions like research and training institutions that ordinarily generate data.
- e. Need to clarify the respective role of Global Urban Observatory (GUO) Section and the Monitoring Systems Branch within UN-HABITAT.

II.D. HS-Net way forward

33. The first part of this session included the election of a Chairperson and Vice-chairperson for the network. Naison Mutizwa Mangiza then presented the proposed HS-Net activities for the next two years.

- a. Elections of Chairperson and Vice Chairperson. Prof. Richard Stren (of the University of Toronto) was elected as the Chairperson of the Advisory Board and Ms. Paola Jiron (of the Housing Institute, University of Chile) as the Vice Chairperson. Both will serve for a term of 3 years.
- b. HS-Net proposed activities. The recommendations on the proposed HS-Net activities for the next two years were as follows:
 - i) **Human Settlements Global Dialogue Series**
 - 1). UN-HABITAT should organise a publicity campaign for the Global Dialogue Series during the period November 2004 – November 2005
 - 2). The Secretariat should prepare a draft list of the criteria (to be used for selecting papers for publication under the series) for circulation to the Advisory Board. Criteria should be finalised by March 2005
 - ii) **Global Report 2005** – There were no comments
 - iii) **Global Report 2007**
 - 1). The 3rd HS-Net Meeting will be held at the 3rd World Urban Forum in Vancouver, Canada in June 2006.
 - iv) **UN-HABITAT Lecture Award Series**
 - 1). As the structure of the UN-HABITAT Lecture Award Series had been significantly changed, the proposed activities were no longer relevant.

34. The Secretariat should prepare an updated list of activities for circulation to the Advisory Board.



Annex I. Programme of 1st HS-Net Advisory Board Meeting

DAY 1: Monday, 1 November 2004	
08:30-09:00	Registration
09:00-10:30 Conf. Rm. 3	Welcome, purpose of meeting and launch of HS-Net (<i>Don Okpala</i>) Introduction of the HS-Net Secretariat Introduction of Advisory Board Members Group Photograph
10:30-11:00	Coffee Break
11:00-12:30	Presentation & Discussion of HS-Net components Chair: P. Jiron Human Settlements Global Dialogue Series Presentation (<i>N. Mutizwa-Mangiza</i>) Discussion UN-HABITAT Lecture Award Series Presentation (<i>N. Mutizwa-Mangiza</i>)
12:30-14:00	Lunch Break
14:00-15:45	Presentation of HS-Net components (continued) HS-Net Website Presentation (<i>N. Mwongo</i>) Discussion
15:45-16:05	Coffee Break
16:05-17:30	Presentation and Discussion of Preliminary Outline of Global Report 2005 Chair: R. Stren Presentation (<i>N. Mutizwa-Mangiza</i>) Discussion
17:30-19.30	Cocktail
	Closing of Day One

DAY 2: Tuesday, 2 November 2004	
09:00 – 09.45	<p>Presentation and Discussion of Background papers</p> <p>1. The Macro-economic Context</p> <p>Chair: P. Ngau</p> <p>Presentation (<i>Iouri Moisseev, on behalf of Michael Cohen</i>)</p> <p>Discussion</p>
09:45 –10:30	<p>2. Municipal Finance Conditions and Trends</p> <p>Chair: O.P. Mathur</p> <p>Presentation (<i>Mona Serageldin</i>)</p> <p>Discussion</p>
10:30-11:00	Coffee Break
11.00-12.15	<p>3. Housing Finance Conditions and Trends</p> <p>Chair: P. Wakely</p> <p>Presentation (<i>Diana Mitlin</i>)</p> <p>Discussion</p>
12.15-13.00	<p>4. Policy Directions</p> <p>Chair: A. Durand-Lasserve</p> <p>Presentation (<i>Graham Tipple</i>)</p> <p>Discussion</p>
13.00-14.00	Lunch Break
14.00-15.30	<p>Working Groups</p> <p>A. Municipal Finance</p> <p>B. Housing Finance</p>
15.30-16.00	Coffee Break
16.00-18.00	<p>Working Groups</p> <p>A. Municipal Finance</p> <p>B. Housing Finance</p>
	Closing of Day Two

DAY 3: Wednesday, 3 November 2004	
8.30-10.00	Reporting from Working Groups Chair: J. Hegedus A. Municipal Finance B. Housing Finance
10.00-10.40	Global Data Needs Chair: M. Serageldin Presentation (<i>Nefise Bazoglu</i>) Discussion
10.40 -11.00	Coffee Break
11.00-12.30	HS-Net Way Forward Chair: T. Nnkya Election of HS-Net Advisory Board Chair and Vice-Chair HS-Net proposed timetable of activities for next two years Official close of the meeting
12.30 -14.00	Lunch Break
14.00 -17.00	Guided Tour of Nairobi

Annex II. Opening Statement by Mr. Don Okpala

Director, Monitoring & Research Division, on behalf of Dr. Anna Tibaijuka, Under-Secretary-General and Executive Director, UN-HABITAT

Distinguished Participants

Colleagues

Ladies and Gentlemen

On behalf of the Executive Director of UN-HABITAT, Dr. Tibaijuka, I am delighted to welcome you to the United Nations Office at Nairobi. We are very grateful for your acceptance to serve on the Advisory Board of the Global Research Network on Human Settlements, HS-Net. We are particularly happy that you have been able to find the time to travel to Nairobi to take part in this meeting.

As we enter this new millennium, the challenges confronting us in the area of human settlements are truly daunting. It is projected that, in the next 30 years, the global urban population will increase by more than 2 billion, that is from 2.9 billion in 2001 to about 4.9 billion in 2030. In percentage terms, the world's urban population will increase from 48% of the total world population in 2001 to about 60% in 2030. This means that every year, the world's urban population will increase by about 70 million people, equivalent to seven new mega cities of 10 million people each.

If no serious action is taken, the slum population is expected to increase by over 1 billion people during the same period that is from just over 0.9 billion in 2001 to about 2 billion in 2030. In percentage terms, the slum population is expected to increase from 32% of the world urban population in 2001 to about 41% in 2030.

As you all know, the most recent and significant international response of governments to these mounting human settlements problems has been the Millennium Declaration, on the basis of which the Millennium Development Goals have been structured. Of particular relevance in our context is Goal 7, target 10 (as modified in 2002 by the Johannesburg Plan of Implementation), to "reduce by half the proportion of people without access to safe drinking water and sanitation", and target 11, to "achieve significant improvement in the lives of at least 100 million slum dwellers by 2020".

The ability of cities to respond to the demands of their rapidly increasing populations and to realize the Millennium Development Goals and Targets will be severely constrained by the fact that the predicted population changes that I have just sketched will take place within a general context of increasing poverty. Overall, nearly three billion people, that is half of the world population, currently live on less than two US dollars a day. While there are no specific global estimates of urban poverty at this stage, it is clear that the locus of poverty is rapidly shifting from rural to urban areas, a process that we now call "urbanization of poverty". The absolute numbers of poor and undernourished in urban areas are increasing, and so is the share of urban areas in overall poverty and malnutrition.

We know that most cities in developing countries are in no position to meet the employment, shelter and service needs of their rapidly increasing populations. In many countries, cities are badly managed and their financing systems are ineffective. Few countries have housing finance institutions able to reach the poor. It is therefore not surprising that the informal sector is providing most of the employment, shelter and services in developing country cities. We also

know that, even in the developed countries, globalization forces have given rise to visible informalization of urban economies. It is in light of this that UN-HABITAT decided to focus on the financing of shelter and urban development in its 2005 issue of the Global Report on Human Settlements.

These challenges demand concerted effort from researchers, policy-makers and implementation agencies. From a research perspective, there is a need to monitor, accurately identify and measure the evolving magnitude of human settlements challenges; to provide correct interpretations of these challenges; to think of innovative solutions; to assess the performance of current policies and practices; and to share information on both what is working and what is not working. We in UN-HABITAT hope that the Global Research Network on Human Settlements (HS-Net) will make a significant contribution to this process.

The purpose of this meeting is to bring all of you together as the Advisory Committee of HS-Net. All of you already know what HS-Net is all about, but, with your permission, I would like to highlight some aspects of the Network and share with you UN-HABITAT's expectations. In our view, HS-Net should provide a coherent, effective and sustainable global system for dialogue on human settlements conditions, trends and issues. We expect the Network to contribute to the realization of the twin goals of the Habitat Agenda, namely "Adequate Shelter for All" and "Sustainable Human Settlements in an Urbanizing World". We also expect HS-Net to contribute to progress towards the attainment of relevant Millennium Development goals and targets, especially on slums, water and sanitation. In the long-term, we expect it to contribute towards the improvement of the lives of the poor through well-informed and more effective human settlements.

In more specific terms:

We firstly hope that you, the Advisory Board of HS-Net, will vigorously promote the global sharing of human settlements information, especially on human settlements research activities and results;

Secondly, we think HS-Net should be able to contribute towards the development of research capacity on human settlements issues, especially in developing countries;

Thirdly – and this is very important for UN-HABITAT – we look forward to your expert advice on emerging global human settlements conditions and trends, on the basis of which themes for issues of the Global Report on Human Settlements and The State of the World's Cities Report will be selected;

Fourthly, we are particularly eager to receive your regular expert advice on the substantive content and organization of specific issues of UN-HABITAT's flagship reports; and

Fifthly, we also hope that many of you will be in a position to contribute commissioned and non-commissioned inputs to specific issues of UN-HABITAT's flagship reports – I know that some of you are already doing this. We are keen to broaden the base of authors of our flagship reports and to include experts from all regions of the world.

As to the organizational structure of the Network, the Advisory Board, composed of yourselves, is already in place. The Secretariat, which will be introduced to you shortly, is also in place. You might also want to consider the idea of having a Steering Committee, the purpose of which is explained in the main HS-Net document that you have.

As you know already, we are proposing to launch The UN-HABITAT Lecture Award Series as an international award programme that seeks to recognise outstanding policy-oriented research in the human settlements field. Again, the details are in the documentation that you have. For us, this is

an exciting development that we hope will boost global awareness of human settlements issues. We hope that, with time, the lectures will be broadcast on both radio and television.

The other key component of HS-Net is the Human Settlements Global Dialogue Series. This will be a research paper series providing a forum for members of the Network to publish results of on-going research in human settlements. With your distinguished research experience, we have no doubt that this series will be of very high quality and that it will contribute significantly to knowledge in the area of human settlements.

The Secretariat has also been working hard to establish a website for the Network. This will enable Network Members to share information on new and on-going research projects. The website will also contain a number of useful resources and will, in fact, be the main arena for global dialogue. Later during the meeting, the work that has so far been done on the website will be presented and demonstrated.

I have talked about our expectations and the ideas on the basis of which UN-HABITAT initially proposed the launching of HS-Net. But this is now your Network. The ideas that I have just presented to you, which will be elaborated during the course of this meeting, are just a starting point. As indicated in the Agenda, you have quite a number of decisions to make about the structure and operation of HS-Net. You will also have to make decisions about your leadership, possibly on a Chairperson, Vice-Chairperson and Secretary. We have put down a proposed programme for the next two years or so that you will also need to look at and decide on. The key components of the Network that I mentioned earlier will further require some attention, especially concerning their operational procedures. You will also make specific recommendations on the 2005 issue of the Global Report on Human Settlements.

Finally, I can confidently say that the pillars of HS-Net are now in place. The challenge is to build it into a robust network organization that can contribute meaningfully to improvement of human settlements development and poverty reduction. On behalf of the Executive Director of UN-HABITAT, it is now my pleasure to launch the Global Research Network on Human Settlements, HS-Net, and also to declare this meeting officially open.

I wish you fruitful deliberations and very much look forward to the results of your deliberations.

Thank You.

Annex III. Preliminary outline of the Global Report on Human Settlements 2005 (GRHS 2005): Financing Shelter and Urban Development

Among the greatest challenges facing humankind in the new millennium are rapid urbanization and increasing poverty. It is projected that in the next 30 years the global urban population will increase by about 2 billion people, i.e. from 2.9 billion in 2001 to about 4.9 billion in 2030. In terms of urbanization level, the world's urban population will increase from 48% of the total world population in 2001 to about 60% in 2030. This means that every year, the world's urban population will increase by about 70 million, equivalent to seven new megacities.

Over the same period (2001 to 2030), and if no serious action is taken, the urban slum population is expected to increase by slightly over 1 billion, i.e. from just over 0.9 billion in 2001 to about 2 billion in 2030. In percentage terms, the slum population is expected to increase from 32% of the world urban population in 2001 to about 41% in 2030.

This huge increase in the world's urban and urban slum populations amounts to a crisis of unprecedented magnitude. All of these people will need to be provided with shelter, with employment and with urban services. The stretched capacity of most urban economies in developing countries is unable to meet more than a fraction of these needs, so that the informal sector is currently providing most of the new employment and housing. The ability of countries and cities to respond to the employment, housing and urban service demands of their rapidly increasing populations will be constrained by the fact that the rapid urbanization described above will take place within an overall context of the urbanization of poverty.

The challenges for the coming decades are clear: How will cities provide enough shelter, urban services and income-earning opportunities to meet the needs of their rapidly increasing populations? Among the most significant constraints in addressing this challenge is finance. From a human settlements perspective, three main components of financing shelter and urban development are important: first, overall municipal finance for investment in urban infrastructure and services; second, housing finance to meet the needs of both individual households and housing developers; and third, micro-finance support for improvement of housing for the urban poor and for the creation of urban employment and income-generation opportunities.

The Global Report on Human Settlements 2005, provisionally titled *Financing Shelter and Urban Development*, will assess existing urban and housing finance conditions and trends, including the underlying national and global factors, in all regions of the world. It will also assess policy responses, identifying the lessons learnt from both successful and unsuccessful experiences. Finally, the report will identify possible policy directions for the future. A preliminary outline of the report is given below, by chapter.

PART A: THE MACRO-ECONOMIC CONTEXT

This first part of the report will introduce the shelter and urban development challenges within the overall context of macro-economic policies. Municipal and housing finance systems do not exist in isolation, but are components of national and international financial systems and their operations are determined by existing macro-economic policies.

1. Understanding the shelter and urban development finance challenges

This chapter will introduce the overall dimensions, nature and scope of shelter and urban finance problems in different regions of the world, in other words, the ‘problematic’ of the report. It will then discuss the main concepts and the report’s working definitions with respect to shelter and urban development finance.

2. The broader picture: macro-economic influences on urban and shelter finance

This chapter will discuss the main macro-economic factors influencing the supply of finance for shelter and urban development in different regions of the world. It will particularly consider the impacts of national fiscal and monetary policies. The impacts of broader economic policies implemented in many countries in recent decades will also be considered, especially capital markets liberalization and privatization. In light of this, the macro-economic conditions for effective and sustainable shelter and urban finance systems will be highlighted.

In doing this, the chapter will address the following fundamental questions:

- (a) How have macro-economic trends affected the living conditions of urban households during the last two decades?
 - Improved: Where? Who has been benefited?
 - Not affected: Where? Who?
 - Deteriorated: Where? Who has been affected?
- (b) Have macro-economic trends and national development policies of the last two decades improved urban and housing sector financial operations?
 - Yes: Where? How? For Whom?
 - No: Where? Why?
- (c) Are housing and land markets working perfectly and can they ever work perfectly without significant public intervention?
 - Yes: Where? How?
 - No: Where? Why?
- (d) Has international financial assistance to the municipal and housing sectors made a significant contribution to the improvement of urban infrastructure, services and housing within cities in developing countries and countries with economies in transition?
 - Yes: Where? To what extent? How?
 - No: Where? Why?

PART B: MUNICIPAL FINANCE CONDITIONS AND TRENDS

This part will describe and analyze municipal finance conditions in all regions of the world and will end by addressing a number of fundamental questions relating to the performance of existing

municipal finance systems. The part will consist of the following chapters. These chapter designations are preliminary and may be rearranged as the preparation of the report progresses.

3. Financing municipal development: institutions and mechanisms

This chapter will start with a discussion of the main current issues in municipal finance, thus setting the overall conceptual framework. This will be followed by analysis of conditions and trends with respect to the main components of municipal finance, i.e.: national municipal finance systems; revenue sources and yield; municipal spending patterns; and privatization as a means of financing municipal services. Below is an outline of the content of the main sections of the chapter.

Municipal finance and urban development: the main issues

This introductory section will provide a conceptual and analytical framework for the chapter by defining municipal finance, describing the problems of municipal finance in different regions of the world and explaining the factors underlying these problems.

National municipal finance systems

This section will cover the following issues, among others: decentralization and centre-local relations; local government budgeting and financial management systems, including transparency and accountability.

Revenue sources and yields

This section will cover the following issues, among others: main sources of municipal revenue; property tax; tax on income; charging for urban services; income-generating enterprises; borrowing; and central allocations. Comparative global data will be used to illustrate the conditions and trends, especially with respect to revenue yield.

Municipal spending patterns

This section will analyze municipal spending patterns, covering both investment in urban infrastructure and services and recurrent expenditure (including salaries and wages). Also of particular importance will be analysis of spending on maintenance of physical infrastructure. Comparative global data will be used to illustrate the conditions and trends in different regions of the world.

4. Privatization of Municipal Services

This chapter will examine conditions and trends with respect to the privatization of municipal infrastructure and services, including the forms that privatization has taken in different regions of the world, the positive impacts of privatization, as well as the limitations and problems encountered. The emphasis will be on privatization as a means of financing municipal infrastructure and services.

5. Assessing Effectiveness and Impacts of Municipal Finance Systems

On the basis of the above analysis of municipal finance conditions and trends, this chapter will address a number of fundamental questions, that is:

- (a) Have municipal finance institutions been effective enough to improve land supply, infrastructure provision and service delivery?
 - Yes: Where? How?
 - No: Where? Why?
- (b) Are the current municipal finance arrangements meeting the goals of sustainable urban development?
 - Yes: Where? For whom? and How?
 - No: Where? and Why?
- (c) Have decentralization reforms improved municipal finance performance and delivery of infrastructure and services?
 - Yes: Where? How?
 - No: Where? Why?
- (d) Has privatization improved municipal finance performance and delivery of infrastructure and services?
 - Yes: Where? How?
 - No: Where? Why?

PART C: HOUSING FINANCE CONDITIONS AND TRENDS

This part will describe and analyze housing finance conditions and trends in all regions of the world, including formal housing finance mechanisms, non-formal mechanisms and finance for slum upgrading. The part will end by addressing a number of fundamental questions relating to the performance of existing housing finance systems. The part will consist of the following chapters. These chapter designations are preliminary and may be rearranged as the preparation of the report progresses.

6. Financing housing development: formal institutions and mechanisms

As with chapter 3, chapter 6 will start with an examination of the main issues in housing finance, thus setting the conceptual tone of the subsequent analysis. This will be followed by analyses of trends and conditions with respect to formal housing institutions and mechanisms, in particular the following: national housing finance frameworks; the operational significance of formal housing finance institutions; lending conditions, loan volumes and performance. Comparative global data will be used to illustrate the conditions and trends in different regions of the world. These sections are described in more detail below.

Housing finance and urban shelter development

This section will provide a conceptual and analytical framework for the report by defining housing finance, describing the problems of housing finance in different regions of the world and explaining the factors underlying these problems. Among the factors that will be covered is globalization and the emergence of global housing markets.

National housing finance frameworks

This section will analyze trends in national housing finance frameworks and legislation, covering long-term and short-term lending institutions and mechanisms such as building societies, banks, secondary mortgage markets and insurance funds.

Operational significance of formal housing finance institutions

This section will assess the importance of formal housing finance institutions within countries in different parts of the world, relative to non-formal housing finance. Comparative data on the composition of national savings deposits and the share of housing finance institutions will be analyzed. The combined assets and liabilities of these institutions, and the quantitative trends, will also be assessed.

Lending performance

The performance of formal housing finance institutions will be discussed in this section. This will entail analysis of their lending conditions, including for the urban poor and for women; their housing loan volumes and trends; and the loan repayment trends.

7. Non-formal finance: community-based micro-finance mechanisms

This chapter will examine the role and contribution of non-formal or micro-finance mechanism within cities, especially with respect to the financing of housing development for the poor. It will start by examining the logic of community-based micro finance mechanisms. This will be followed by an analysis of the different types of micro-finance mechanisms and global trends in this area. Finally, the significance of urban micro-finance will be assessed through analysis of data from different regions of the world.

The logic of community-based micro finance mechanisms

This section will introduce the subject of micro-finance by examining the basic logic of community-based micro-finance, the key mechanisms through which it operates, as well as its strengths and weaknesses. Its potential contribution to urban poverty reduction in general, and to 'housing poverty' reduction in particular will be discussed.

Main types of micro-finance mechanisms

The main types of micro-finance and community-based savings and loan institutions and schemes, including those lending for housing development, will be identified and discussed. Their growth trends in different regions of the world will also be assessed. Illustrative case study boxes will be used throughout the section.

Significance of community-based micro finance mechanisms

In this section, the volumes of savings and trends in the micro-finance sector will be analyzed. Loan volume trends will also be analyzed, especially housing loan volumes and trends, as will loan repayment performance and trends.

8. Financing slum upgrading

The chapter will first highlight the main challenges and issues of financing slum upgrading, followed by a discussion of conditions and trends in financing the upgrading of slum

infrastructure. Finally, the mechanisms for financing the upgrading of slum housing will be discussed. These components of the chapter are explained in a little more detail below.

Financing slum upgrading: challenges and issues

The section will highlight the main challenges and issues in the financing of slum upgrading, including the relevance of this to the realization of the Millennium Development target on slums, i.e. “By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers”.

Upgrading slum infrastructure and services: financing mechanisms and trends

The key mechanisms that have been adopted by governments and local authorities for financing the upgrading of infrastructure and services in slums in different parts of the world will be examined in this section. This will include co-financing partnerships with the private sector and with civil society organizations, such as the Community-led Infrastructure Finance Facility (CLIFF).

Upgrading slum housing: financing mechanisms and trends

This section will discuss global trends in the financing of housing within slum upgrading projects and programmes, including the provision of housing loans and the contribution of slum dwellers themselves through various self-help mechanisms.

9. Assessing the Effectiveness and Impacts of Shelter Finance Systems

On the basis of the analysis of conditions and trends in the preceding chapters, this chapter will address the following fundamental policy questions with respect to housing finance.

- (a) Have housing finance institutions been effective enough to improve land and housing supply?
 - Yes: Where? How?
 - No: Where? Why?
- (b) Can existing market-based housing finance mechanisms effectively address the needs of the urban poor in the absence of subsidies?
 - Yes: Where? How?
 - No: Where? Why?
- (c) Are current housing finance mechanisms sustainable in the long-term?
 - Yes: Where? How?
 - No: Where? Why?
- (d) Can current methods of mobilizing and utilizing resources for slum-upgrading result in the attainment of the goal of cities without slums?
 - Yes: Where? How?
 - No: Where? Why?
- (e) Have informal housing finance mechanisms meaningfully contributed to urban shelter development for the poor?
 - Yes: Where? How?
 - No: Where? Why?

PART D: POLICY DIRECTIONS

This part will start by exploring recent policy directions at the international level, including trends in international aid for shelter and municipal finance development. It will then examine the directions that strengthening of shelter and municipal finance systems could take. The part will consist of two chapters.

10. International aid for shelter and municipal finance development

This chapter will analyze the flow of financial aid into shelter and human settlements development. It will start with a discussion of the role of international aid in urban and shelter development in general. It will then look at quantitative trends with respect to the different types of aid, including bilateral and multilateral. The policies of the main bilateral and multilateral organizations involved in providing financial assistance for shelter and urban development will be analyzed, as will the quantities of financial resources that they have provided in different regions of the world within the last ten years or so.

11. Towards sustainable shelter and municipal finance systems: future policy directions

This final chapter will, on the basis of the experiences reviewed in the preceding chapters, discuss the ways in which shelter and urban development financing systems could be strengthened, in terms of both performance and sustainability. Its main purpose will be to point the way forward, highlighting best policies and practices. Among the key issues to be discussed will be: integrating urban and shelter finance considerations into macro-economic policies; strengthening pro-poor municipal finance policies; enhancing pro-poor formal housing finance systems; strengthening community-based micro-finance mechanisms; meeting the finance challenge of slum upgrading; and improving the flow and targeting of international shelter and urban development assistance.

PART E: STATISTICAL ANNEX

As with past issues of the Global Report on Human Settlements, the statistical annex will contain tables showing data on major human settlements conditions and trends at the regional, national and local levels. Some of this data will be provided by the Monitoring Systems Branch, Monitoring and Research Division. In addition, tables on municipal and housing finance will be included and some of this data will be obtained from international organizations of local authorities and building societies. The data, including that on access to housing finance, will be, systematically, gender disaggregated to the fullest extent possible.

Annex IV. Outline of Part A of GRHS 2005: The Macroeconomic Context

Michael Cohen, Director, Graduate Program for International Affairs, New School University

Introduction

This note reflects discussions with Naison Mutizwa-Mangiza, Iouri Moisseev, Mona Serageldin, and Graham Tipple during the World Urban Forum in Barcelona in September 2004. It also has benefited from the opportunity to discuss these ideas with some leading urban practitioners and theorists, such as Jaime Lerner, former Mayor of Curitiba in Brazil, Jorge Wilhelm, currently Secretary of Planning for the City of Sao Paulo, Brazil and former Deputy Secretary-General for Habitat II, David Harvey from the Graduate Centre of CUNY, and Sir Peter Hall of the University College, London. They generally agree with the thrust and “realism” of the perspective implied in the following analytic framework I am suggesting. They have not been formally asked for their comments on this note. I take responsibility for this work, which has been ably supported by my colleague, Deanna Fowler.

After receiving your guidance, I will prepare the first two chapters of the report as you suggest.

Building Blocks in the Report’s Analytic Framework

1. Demographic Framework:

UN projections and the recent study by the Urban Demographics Panel of the US National Academy of Sciences (NAS), Cities Transformed, agree on the current assessment of expected demographic growth in developing countries: the **developing countries will add about 2 billion new urban residents in the next twenty years.**¹ This robust finding, added to the existing numbers of 1 billion people currently living in slums, frames the “demand side” for the need for infrastructure and housing in developing countries. **About 90% of this demand will occur in 48 countries.** Combining the current backlog of slum dwellers in those countries (about 925 million people) with the projected 1.9 billion additional people expected to live in slums, we arrive at **about 2.825 billion people needing housing and urban services by 2030.**² This estimate should be the starting point for the Global Report.

2. Economic Framework:

As confirmed by the NAS study and analytic work from the World Bank since the early 1990s, **the contribution of cities to the GDP of nations is more than 50% in every country and up to 80% in the more urbanized countries of Latin America such as Argentina or Brazil.** There is a growing body of data to demonstrate the urban share of GDP.³ It is thus apparent that **the economic futures of nations will depend on the productivity of cities.** Alleviating constraints

¹ National Academy of Science, Panel on Urban Population Dynamics, Cities Transformed, (Washington: NAS Press, 2003).

² To be added: 923,986,000 current slum-dwellers + 1,900,744,383 est. urban pop.(2030)=2,824,730,383 people who will need adequate housing and services. Out of the 48 = 2,510,270,467 total who need investment and services.

³ See recent work by Mario Polese and Maria Emilia Freire published by the World Bank.

to that productivity requires, among other things, infrastructure investment, regulatory reform, and reinforcement of local government institutions.⁴

In terms of infrastructure, this productivity requires both an essential “**stock**” of facilities which can provide needed services and a reliable “**flow**” of those services for residential and productive purposes.⁵ “Cities accumulate and retain wealth, control, and power because of what flows through them, rather than what they statically contain.”⁶ As suggested below, both the stock and flow are critical in considering the importance of infrastructure in cities and national economies.

The economic paradox of this situation is that **while loci of productivity, the cities are also the loci of increasing poverty**, unemployment, and varying types of deprivation, such as health and malnutrition, with long-term impacts.

The situation is further complicated by **the growing impact of exogenous economic factors on cities**, from processes of economic globalization and trade, including global interest rates, single markets for many industrial products, and growing competition among various factors of production. The impact of the volatility of global economic and financial forces on cities is manifested in dramatic and socially harmful impacts on employment and labor markets more generally, with the flight of investment and jobs.⁷

Meeting the financial needs of cities in developing countries, and particularly the financing of infrastructure and housing, should therefore be high international and national priorities. While the Millennium Development goal of improving the living conditions of 100 million slum dwellers by 2015 is worthwhile, it represents about 3% of the projected demand for slum improvement by 2030.

3. Environmental Framework:

It is apparent from most environmental studies that **the ecological footprint of cities is having enormous consequences for the sustainability of natural resources.**⁸ The marginal costs of water are increasing in every city in the world, cities are going greater distances to find potable water (Beijing collects its water from sources 800 miles from the city), and despite these costs, efforts to conserve and improve use efficiency are minimal in most cities. Deforestation in urban peripheries has been devastating, particularly in Africa, while biodiversity resources near urban areas have suffered similarly.

A recent study from China in the Proceedings of the National Academy of Sciences (PNAS) further demonstrates how **urbanization is contributing to global warming.**⁹ A second piece in the PNAS also notes that global warming is reducing rice yields in Asia, suggesting that food may prove to be one of the most serious constraints to urban population growth over time.¹⁰ **The systemic character of environmental impacts of urban settlements and in turn the impacts of**

⁴ World Bank, Urban Policy and Economic Development: An Agenda for the 1990s, (Washington: The World Bank, 1991).

⁵ World Bank, Infrastructure for Development, World Development Report (Washington: The World Bank, 1994).

⁶ J. Beaverstock, R. Smith, and P. Taylor; “World-City Network: a new meta-geography?”; *Annals of the Association of American Geographers*, 90, (1), p.126.

⁷ UN Habitat, The State of the World’s Cities, 2004: Globalization and Culture, (London: Earthscan, 2004).

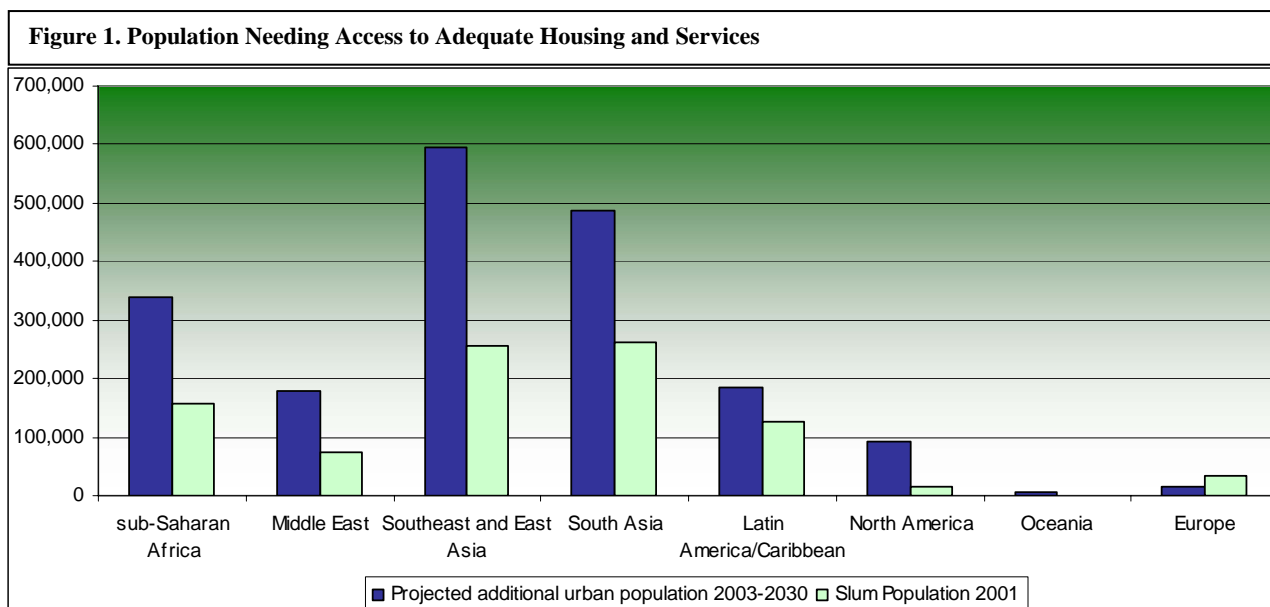
⁸ Rees, “The Ecological Footprint of Cities”....

⁹ National Academy of Science, Proceedings of the National Academy of Sciences, 2004.

¹⁰ PNAS, 2004.

global climate change and other forms of environmental change need to be better understood.

These environmental externalities, and particularly the likelihood of severe shortages of natural resources and increasing costs of infrastructure services, need to be included in any financial and economic framework for cities in developing countries.



4. Socio-Behavioral Framework:

Cities Transformed argued that **the processes of social, economic, and cultural differentiation in cities are accelerating**, in part because they are interacting with the scale and rate of demographic change. There are not only more people in cities, but they eat, work, play, educate, dress, and express themselves differently. The richness and indeed the tolerance of the diversity of urban behavior is a major factor in explaining why there is not more violence and conflict than exists in cities. One could easily make the argument that Mumbai or Bangkok is surprisingly peaceful, given their scale and complexity. **These processes of urban differentiation require much more documentation and research**, because they are an important factor in what would actually be “sustained” in sustainable cities.

These processes of differentiation may also have some financial implications as diverse populations express their special needs. For example, one can imagine that ethnically homogeneous neighborhoods and communities may exclude other people not sharing their particular identity.

5. Financial Framework

The most fundamental financial issue coming from these prior assumptions is that cities will require very large investments to create infrastructure and services with long-life benefits, yet they lack the systems to finance these services. For example, it is almost impossible in most cities in developing countries to obtain mortgages by which purchases of housing can be financed. And yet it is difficult to imagine that the great majority of cities and the great majority Saharan Africa has the highest levels of FDI, the highest level of development aid and high GDP growth rates, yet maintains the highest percentage of urban population living in slums.

On the other hand, South Asia has among the lowest levels of FDI and development aid, has negative GDP growth rates, and follows sub-Saharan Africa in having the next highest percentage of urban population living in slums.

Box 1. The Case of Mali

Any argument for financing housing must be more nuanced than simply clamoring for more resources. Mali, for example has one of the highest amounts of foreign direct investment (FDI) as a percentage of GDP and a significant amount of official development assistance (ODA), yet 93.2% of Mali's urban population live in slums. In 2002, FDI in Mali totaled US\$102.2 million and ODA was over \$472 million.¹

However, if \$574.2 million from the combined FDI and ODA was devoted solely to housing the 3.4 million people in slums, it would not suffice. Estimating 7 persons per household and \$5,000 to build each housing unit, it would cost \$2.4 billion to house the current population, not taking into account the projected population growth of over 11 million by 2030

Figure 2. Gross Foreign Direct Investment (% of GDP) 2001

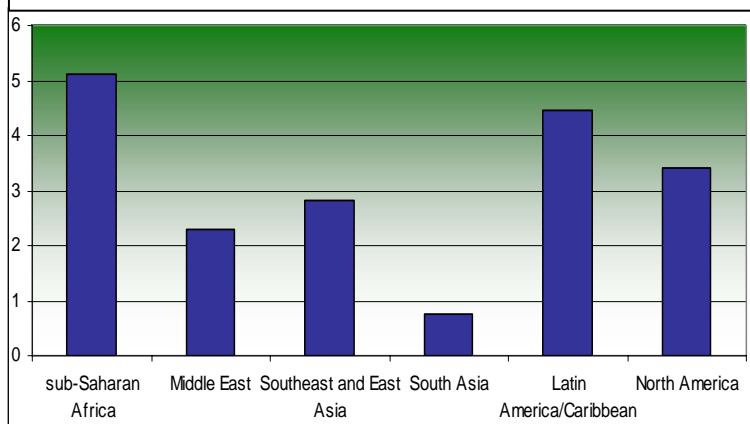
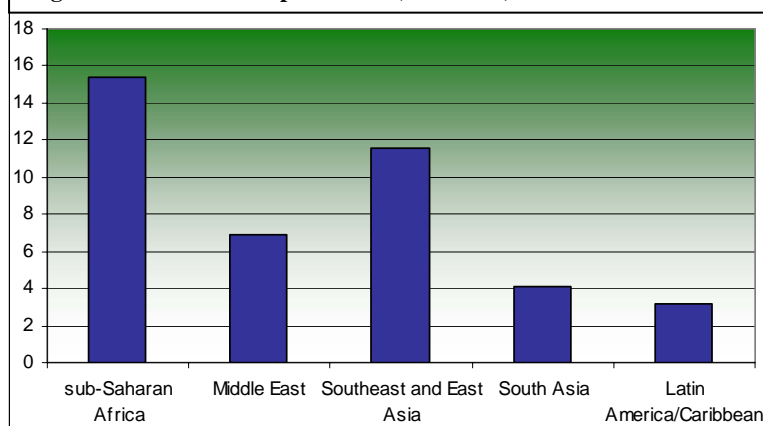
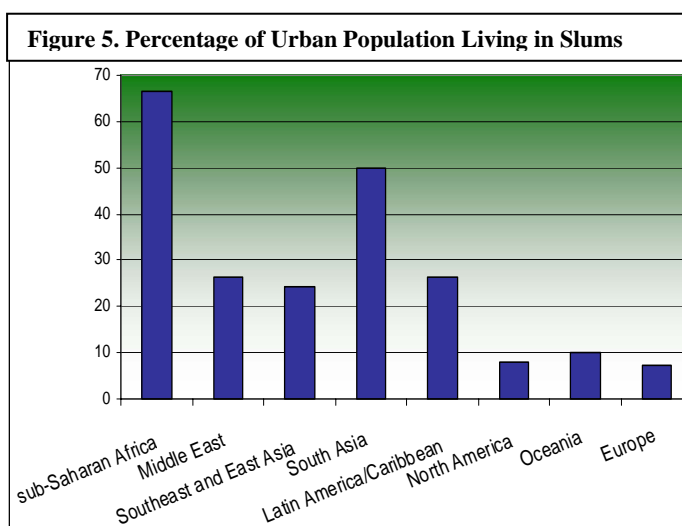
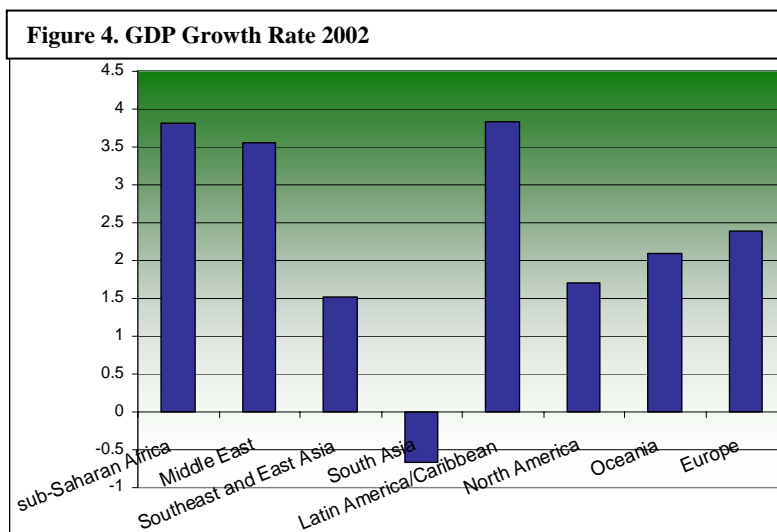


Figure 3. Official Development Aid (% of GNI) 2002





This raises questions of whether the finance that does exist is actually being directed effectively towards filling the demand for adequate housing. The report will analyze the current financial position of the 48 countries representing 90% of the expected urban population growth, reviewing their outstanding debt, foreign direct investment, ODA, and other flows, to analyze whether current external resources are adequate to meet housing and infrastructure needs.

This issue leads to the conclusion that **what is financed** must be broadened to include a wider range of infrastructure and housing solutions than normally included in international discussions, for example, in lieu of extending the network of urban water supply, it may be necessary to drill boreholes in un-served areas on the urban periphery and tap aquifers whose water is then distributed by above ground tubing or pipes. Such a solution is a fraction of the cost of extending the existing water supply network, although admittedly it may present other problems such as the need for later aquifer recharge.

6. Valuing Urban Assets:

Another issue is the fact that existing cities have enormous present asset value. A rough exercise in the World Bank in the early 1990s attempted to determine the “financial value of cities”. It concluded that the infrastructure stock of cities in developing countries was worth on the order of \$3 trillion. This compared to an annual investment flow on the order of \$150 billion each year, or

5% of the stock. More than 95% of this annual flow came from domestic resources in countries, both public and private. This is a large number, but woefully inadequate when one observes the large numbers of households worldwide without adequate water supply or sanitation.

However, it points to a critical policy problem: we know that most urban infrastructure in developing countries does not last as long as that in developed countries. Maintenance is neglected, both for financial and technical reasons. If, however, cities were able to obtain, say conservatively another 5% of benefits from improved maintenance of the stock, this would amount to \$150 billion or roughly current annual investment. **Better operations and maintenance could reduce the need for some, though certainly not all, of the new annual investment, thereby reducing environmental and social impacts and avoiding additional debt.**¹¹

A key policy conclusion, therefore, is that cities must get more out of what they have, in a financial and economic sense, and that can allow their networks to be sustained longer, at lower costs.¹²

This conclusion is of enormous strategic value in assessing the current balance of new investment versus improving management of current stock. It suggests that a first step in a strategy for sustainable cities would be **an intensive examination of maintenance programs to improve infrastructure performance.** This might include, for example, various ways to improve information systems about the condition of infrastructure, i.e. smart infrastructure, which would alert city managers about the need for maintenance.

7. What is to be Financed?

When points 5 and 6 are put together, **it raises questions about what is to be financed at all.** For example, rather than assume that it will be possible to finance large scale extensions of conventional urban infrastructure, with their heavy up front investment costs and high maintenance requirements, perhaps an alternative strategy is needed to complement on-going infrastructure finance. This might involve **developing smaller decentralized clusters of infrastructure services which lead to the growth of multi-nucleated urban centres, thus avoiding high down-town densities and mass transit to central points of employment.** This spatial alternative is thus also an engineering and financial alternative.¹³

8. Governance Framework

This spatial approach also implies a **decentralized approach to urban governance.** It connects well to the principle of “subsidiarity” which the European Union has urged on its members, whereby problems are best resolved at the jurisdictional level in which they occur rather than being referred to high administrative and political levels.

It should also be noted that the participation and voice of urban populations in formulating policy and programs by the public sector is a critical dimension of urban management. One aspect of the importance of participation is **the need to shift from top-down administrative formulation of strategy to inclusion of the full range of civil society interests and organizations in**

¹¹ World Bank estimates, 1990.

¹² Michael A. Cohen, “Stock and Flow in Metropolitan Investment”, *Brookings Review*, 1998.

¹³ See Stephen Graham and Simon Marvin; *Splintering Urbanism: Networked Infrastructures, Technological Mobilities, and the Urban Condition*. (London: Routledge, 2001).

governmental processes.¹⁴ This includes thinking about the future and shifting from conventional urban plans to broad-based citizen involvement. The recent 2050 initiatives in Buenos Aires, New York, and now in Barcelona demonstrate the importance of this issue.¹⁵

From Analysis to Strategy: Making Virtue from Necessity

Using the above elements of an analytic framework as points of departure, I would suggest that the Global Report of UN Habitat articulate a message which seeks to **make virtue from necessity**, or rather **uses the lack of finance for conventional solutions as an opportunity to refocus the discussion of urban policy towards urban forms and processes which may be able to enhance sustainability**. Finance is therefore a critical lever to orient policy and to recognize the growing role of community-based urban processes.

In its conclusion, the Global Report should also call for research proposals in various fields to advance theory and practice related to what is to be financed in cities. These might include:

1. A research program or set of research tasks **to re-examine the financial, engineering, and environmental characteristics of urban infrastructure systems at different scales**, including water supply, sanitation, transportation, electricity, and others. This would include a thorough review and update of costs, engineering, and feasibility of “appropriate technologies” in varying urban environments.
2. A research program on **the dynamics of “linked” versus “delinked” neighbourhoods, regions, and communities** within urban areas.
3. A research program on **how information and knowledge could be applied to improve the management, operation, and maintenance of urban infrastructure** and thereby contribute to reducing its costs.

Assessment of strategies for “urban futures” as they have evolved from traditional urban planning into more participatory exercises such as the 2050 initiative.

Ultimately, the objective of a UN Habitat Global Report should be to expand the quality and quantity of substantive debate and research underlying policy decisions about the design and management of cities.

¹⁴ *Cities Transformed*, op.cit.

¹⁵ Margarita Gutman, Presentation on the 2050 Initiatives at World Urban Forum, Barcelona, September 2004.

Annex V. Outline of Part B of GRHS 2005: Municipal Finance Conditions and Trends

Mona Serageldin, Yves Cabannes, David Jones, Elda Solloso

1 MUNICIPAL FINANCE FOR URBAN DEVELOPMENT

1.1 General trends in fiscal decentralization

- Steady increase in public expenditures channelled through the local level: a small but growing proportion

The Bolivia Decentralization Law

The Brazil 1988 constitution: rights granted to municipalities

Indonesia decentralization laws

West Africa decentralization process

- Impact of rapid urbanization and increasing disparities in the distribution of wealth, income and the benefits of development. Lack of mechanisms to finance urban investments in developing countries

1.2 Major Issues at the regional level

- Asymmetrical decentralization
- Wide variations encountered in any one geographic region
- Large number of smaller, financially weak municipalities
- Accelerated pace of change in transitional economies
- Retrenchment of central transfers
- Weakness of own revenue sources in developing countries
- The lack of strong domestic capital markets and their impact on the development of municipal credit markets
- Capacity and rules for sound financial management –budgeting and capital investment programming-

1.3 The need to look at sub-regions exhibiting different characteristics

- Latin America: Brazil
- Sub-Saharan Africa: West Africa and South Africa
- Middle East and North Africa
- South East Asia

2 MUNICIPAL RESPONSIBILITIES AND EXPENDITURE PATTERNS

2.1 Operating Budget:

- Salaries as a dominant component of recurrent expenditures

Examples from different regions

- Constraints on expenditure patterns

- The Brazilian law of fiscal responsibility
- Lack of funds for maintenance of existing assets

2.2 Impact of decentralization of social services on municipal expenditures

- Increasing scope of local responsibilities.
- The impacts of decentralization of education and health on municipal budgets.

Poland, Szczecin

Brazil, Juiz de Fora

2.3 Capital investment budget

2.3.1 Lack of funds for investment purposes. Selected examples from the different regions

2.4 Participatory Budgeting: the impact of popular participation on the allocation of capital investment resources

- Porto Alegre : The social impact of the OP
- Belo Horizonte : Investment in areas of need and slum upgrading

3 MUNICIPAL POWERS AND REVENUE SOURCES

Taxing and borrowing powers: legal and regulatory constraints in different regions and selected countries

3.1 Reliance on central transfers

- The impact of city size and development patterns: the vulnerability of small sized and less accessible towns

Brazil (IBAM) and Africa (PDM) data

- Asymmetrical administrative, political and fiscal decentralization: managing change in the institutional context

Examples from Eastern Europe and Asia

- Local revenue sources

Examples from different regions. Detailed analysis of Brazil, Indonesia and selected Sub-Saharan and African countries

3.2 Performance of key sources of municipal revenue

3.2.1 Central transfers. Issues of predictability and financial planning

3.2.2 Property Taxes

- Capital vs. rental valuation and the impact of rent regulations and tenant protection laws. Examples from Poland, Egypt and Morocco
- The impact of rapid urbanization : Obsolete cadastres and tax rolls. Peru, Morocco, Cote d'Ivoire
- Complex tenure patterns and unclear ownership. Taxation in historic centers, unauthorized subdivisions, informal settlements and slums. Selected examples to show range of prevailing rules and attitudes
- Occupancy taxes. Indonesia

3.2.3 Taxes on businesses

- Administering a multiplicity of low-yield taxes in developing countries. Tax burdens on small and micro-enterprises
- Relative importance of taxes on the commercial sector. Attitude towards the informal sector

Examples from Benin, Morocco and Indonesia

3.2.4 User fees. Integrating social policies in the management of services. South Africa, West Africa and others

3.2.5 Betterment taxes and development exactions

US Boston linkage program

3.2.6 Borrowing and debt service management

- Legal constraints on the borrowing powers of municipalities

Brazil's ban-on-bond issues by local governments till 2010

Colombia, Bogota domestic bonds issue.

- Off budget revenue generation
- Special purpose entities and revenue bonds

China's Municipal Special Service Vehicles (SPVs) and Extra budget funds

- Tax increment financing. US examples to illustrate major issues and potential impacts on local budgets

Debt burden vs. future revenue streams

Lead-lag considerations

Managing shortfalls in anticipated revenue

- Credit enhancement to facilitate financing of municipal loans and bond issues

Guarantees and subsidies. Examples from different regions

4 FINANCING LOCAL GOVERNMENTS

4.1 Sources of lending to municipalities

4.1.1 Growth of government sponsored municipal development banks and their evolution into municipal financial institutions in the 1990's. These financial intermediaries link local governments to capital markets and mobilize additional resources from these markets

Impressive growth and diversity of funds led to the creation of the international association of development funds in 2000. At present the association has over 150 members

Constraints on municipal borrowing and general weakness of domestic capital markets underscore the importance of local development funds for urban development

- Credit Enhancements-examples from different regions.
- Combining grants and loan in institutionally fragile situations and impoverished areas.

India-Tamil Nadu Fund

Philippines-Municipal Development Fund
Georgia-Municipal Development Fund of Georgia
Colombia-Finder (Phase I &II).
Brazil-Paranacidade
South Africa-DBSA

4.1.2 Associations of municipalities

Associations of municipalities coming together to access funding or lower the cost of financing their capital investment needs.

- Norway-Kommuninvest
- Czech Republic-Municipal Finance Co.

4.1.3 Pooled Finance facilities

- US-Virginia Resources Authority
- India-Tamil Nadu Fund

4.1.4 Development Banks and Funds offering credit to both public and private borrowers.

- Poland-BISE
- India-Tamil Nadu Fund

4.2 Targeted Funds

4.2.1 Social Investment Funds and Environmental Funds

- Social Funds : example from Latin America

4.2.2 Debt Swaps

Assignment of discounted debt repayable in local currency to a special purpose fund

- Bolivia's strategy for poverty reduction under the HIPC initiative

5 PARTNERSHIPS FOR LOCAL DEVELOPMENT AND SERVICE DELIVERY

5.1 Privatization of Municipal service delivery:

- Outsourcing and concessions

Key issues: Government guarantees; capital investments requirements; servicing poorer areas and peripheral settlements

- Linking formal and informal operators

West Africa, Cotonou, Water supply and solid waste management

5.2 Joint funding of infrastructure and urban development projects

- Joint infrastructure programs in Polish cities

5.3 Joint Funding of community-based initiatives

The potential of microcredit institutions as strategic partners

- India, Ahmedabad / SEWA Parivartan program
- Guatemala, Genesis Empresarial

5.4 Partnerships for local development

- The objective is to coordinate among key stakeholders (Different levels of government, NGOs, CBOs and private enterprise) in order to generate resources for local programs and projects.

El Salvador, Nejapa, Local Development Fund

5.5 Tapping migrant remittances

- Municipal leveraging of remittances

Ecuador, Cuenca

- The use of participatory budgets to attract and guide investments by migrants

El Salvador, San Salvador

5.6 Impact of partnerships on municipal finance

- Direct and indirect capital recovery
- Leveraging private sector funding

6 OVERALL PERFORMANCE OF MUNICIPAL FINANCE SYSTEMS

Annex VI. Outline of Part C of GRHS 2005: Housing Finance Conditions and Trends

The “pieces”

- Increasing financing opportunities related to financial liberalization, intermediation (relevant to the formal sector) and the growth of micro-financial services (the emerging informal sector)
- A reduction in financing opportunities with the withdrawal of the state and/or a shift in its roles from provision to enablement. Related to this greater dependence on market mechanisms.
- A further generation of housing finance programmes (community funds) which reflect the multi-dimensional nature of poverty reduction (incomes/housing and politics/finance)

The challenge

- To reflect what is going on within the different areas of the world (North, Transitional economics, LA, Africa and Asia) in respect of state and market, and
- To assess and understanding the underlying trends.
- To reflect the changing opportunities, risk, and limitations for households.
- To assess who is being included, how well they are being included, and who is being left out
- Who has been drawn into the housing finance market and does it work for them?
- Who is still excluded (or at risk of being excluded)
- What are the outcomes of the system with respect to quality of shelter, nature of social relationships and livelihoods?

The structure – formal housing finance

- How are the systems changing?
- How significant is provision and how well is it reaching down to include new groups?
- What is the role of the state in such formal housing finance and how is this changing?
- In countries in which formal housing finance dominates, who provides for the poor?

The structure – micro-finance

- Explaining the growth of micro-finance for shelter
- Identifying the group that it caters for (including the relationships between lending for enterprise development and housing)
- Assessing the scope for growth
- Considering the even less “formal” micro-finance for shelter lending (eg. small loan companies, building material loans, credit unions, etc.)

The structure – community funds

- Explaining the growth of community funds for shelter
- Identifying the group that it caters for and the ways in which it has integrated with “unconventional” state shelter finance provision
- Assessing the scope for growth

The structure – housing finance and slum improvement programmes

- How much on the general financing of slum improvements?
- How to link to 2003 and the other sections?
- Financing of shelter within slum improvement programmes (including ongoing costs)

Some comments

- Not just housing but shelter (land, infrastructure and the house)
- Key issue is going to be inclusion – and particularly the situation of those who cannot afford the market
- What are the implications for governments (both within their countries and in respect of ODA) in respect of financial markets and social policy objectives?

Annex VII. Outline of Part D of GRHS 2005: Policy Directions

Graham Tipple

Associate Director of GURU, University of Newcastle upon Tyne

Early days (1945-1971)

- Housing as a welfare good
- Promotion of industrial development
- Tropical architecture and concentration on physical quality
- Intermediate Technology
- Growing recognition of informal sector

Habitat I +: 1972-1982

- Project approach
- Self help: Upgrading and sites and services
- International funding sought replicability through cost recovery
- Poor repayment but high leveraging of private investment
- Many supply side subsidies and tolerance of defaulting – little replication
- Benefits confined within project ‘fence’

1980s: financial sustainability

- Found ‘retailing’ was not efficient enough
- Need to incorporate housing into wider economic environment
- Shift from multi-sector, localised projects to creating sustainable capacity
- Shift from public sector finance to financial intermediaries

SAP: towards macro-economic orthodoxy

- Economic reforms and reduction in balance of payments deficits
- Reduction in public spending to more manageable levels
- Medium term reforms to improve exports and growth
- Housing finance seen as an element in sound financial institutions

SAP: housing sector implications

- Development of housing finance markets inc. mortgaging intermediaries
- Deregulation of interest rates on loans
- Collapse of uncompetitive housing finance institutions
- Curbs in public expenditure reduced infrastructure investments
- Provision transferred to private developers and NGOs
- Diversion of investment into ‘more productive’ sectors

Mid-1980s: the birth of enabling

- Paradigm shift and important events/publications
 - Global Report 1986
 - IYSH 1987
 - Rodwin collection 1987
 - World Bank Sector Papers on urban development (1991) and housing (1993)
- Move from affordability to willingness to pay

1987 onwards: Whole sector development

- World Bank 7 point conceptualisation
 - Demand side
 - Development of property rights
 - Development of housing finance systems
 - Targeting of subsidies
 - Supply side
 - Infrastructure provision for housing land
 - Regulation of land and housing development
 - improved organisation and competition in construction industry
 - Management
 - Appropriate institutional reform
- Characteristics of lending
 - Mortgage lending at variable rates and appropriate indexation
 - Secure land tenure and property rights
 - Enforceable foreclosure procedures
- Subsidies
 - Targeted
 - One-off capital grants
 - Still supply-side

Effects of globalisation on capital markets

- Institutions must integrate into global financial markets
 - This erodes their local interaction
- Capital markets are integrated so that home buyers are competing with richest corporations for capital
 - Very difficult to have special housing loans

Current context

- UN Summit round, especially
 - Rio Earth Summit and Agenda 21
 - Habitat II and the Global Strategy for Shelter
 - The Habitat Agenda
 - ‘Decent’ and ‘adequate’ housing for all
- Millennium Development Goals
- Right to Housing
- Micro-financing
- Rise of international NGOs
- CLIFF, SUF, etc.

Discussion....

- Most people living in poverty are untouched by formal sector financing
- Is debt a useful thing for a person living in poverty?
- But relying on savings is inefficient
- Need for new housing and infrastructure is huge and unaffordable under current paradigms
- Need for maintenance to lengthen the life of current stock/ infrastructure
- Many millions cannot afford a single-household dwelling on a plot: shared forms will be more useful but are being abandoned
- Housing is not too expensive, incomes are too low
- Need to ensure that housing and infrastructure built maximise local economic development potential (employment, income multipliers, economic linkages)

Annex VIII. HS-Net Discussion Paper

1. Background

Monitoring and reporting priorities relevant to the implementation of the Habitat Agenda fall into three broad, though not mutually exclusive, categories: firstly, monitoring urban conditions and trends, including progress towards realisation of Habitat Agenda and United Nations Millennium Development targets on slums, water and sanitation; secondly, improving understanding of emerging urban conditions and issues in a globalizing and urbanising world; and, thirdly, evaluating the effectiveness of past and present urban policies adopted by Governments and their partners in the implementation of the Habitat Agenda and the Millennium Development Goals.

The major instrument for monitoring the Habitat Agenda and the Millennium Development targets on slums, water and sanitation is the Global Urban Observatory, set up by UN-HABITAT during the early 1990s. UN-HABITAT's research-based flagship reports, the *Global Report on Human Settlements* and the *State of the World's Cities* report (published biennially) are the main vehicles for global reporting and dissemination of the results of both monitoring and substantive research. General Assembly Resolution 32/114 mandated UN-HABITAT to prepare periodically the Global Report on Human Settlements as a vehicle for monitoring and reporting on human settlements conditions and trends. In addition, General Assembly Resolution 55/194 encouraged "... Member States and Habitat Agenda partners to provide support for the preparation of the Global Report on Human Settlements and the State of the World's Cities Report on a biennial basis so as to raise awareness on human settlements issues and to provide information on urban conditions and trends around the world."

The research on substantive issues and policies required for the flagship reports are based on partnership with research institutions all over the world. To date, such partnerships have been formed around each issue of the Global Report on Human Settlements, with the composition of each partnership changing from issue to issue and from topic to topic. Each issue represents a synthesis of the results of extensive and global review of relevant research. Both the *Global Report on Human Settlements* and the *State of the World's Cities* report have also benefited from research activities carried out within UN-HABITAT for different work programme purposes, especially for the preparation of technical publications (policy and strategy reviews, as well as planning and management guidelines and manuals) covering both shelter and broader sustainable urban development issues. Results of research carried out during the implementation of technical cooperation programmes and projects (such as baseline surveys, as well as monitoring and evaluation reports) have also been fed into the flagship reports.

So far, three issues of the Global Report have been published. The first, released in 1986, reviewed general human settlements conditions and trends by region (including population growth and urbanization, shelter, water supply and sanitation, solid waste disposal, transport, environment and regional development and decentralization). It then focused on key policy areas requiring the attention of national and sub-national governments (national development and its relationship to human settlements, resource mobilisation, institutional needs for human settlements development, settlements management, building materials and construction technologies, management of land resources and shelter delivery). The second issue of the Global Report was published in 1996 and was titled "An Urbanizing World". This issue also reviewed general human settlements conditions and trends by region and then examined global policy responses, focusing on policies for sustainable human settlements development, especially the enabling approach and partnerships. The third issue of the Global Report was published in 2001 and was titled "Cities in a Globalizing World". As reflected in its title, this issue reviewed the impacts of globalization on cities,

highlighting emerging patterns of inequality within cities and new policy responses in the areas of governance, shelter delivery and urban environment and infrastructure. The 2003 issue of the Global Report, titled *The Challenge of Slums*, focuses on urban slums, as one of the most visible manifestations of urban poverty. This issue assesses, globally, the total number of slum dwellers and their distribution by region and reviews, within the context of general human settlements conditions and trends, the nature and extent of slums (including their relationship with urban poverty), as well as policy responses to the problem of slums.

The State of the World's Cities Report is much more recent and only two issues have so far been published. This first issue, published in 2001, was essentially based on data from two key programmes of UN-HABITAT, i.e. Urban Indicators and Best Practices. The report first reviewed urbanization trends by region, then focused on review of urban conditions, emerging policies and best practices covering five main topics: urban shelter, urban society, urban environment, urban economy, and urban governance. The 2004 issue of the Report focuses on aspects of globalization that have so far not received adequate attention from a human settlements perspective of globalization, including metropolization, international migration, culture, transparency in urban governance and the impact of civil society.

UN-HABITAT has recently reviewed the effectiveness of the flagship report preparation strategy outlined above. One significant outcome of this review is the establishment of a global research network for the Flagship Reports – the “Global Research Network on Human Settlements, HS-Net”. The purpose of HS-Net is to provide a global mechanism for channelling expert advice to UN-HABITAT on the substantive content of its flagship reports and, generally, to increase global collaboration and exchange of information on human settlements conditions and trends and on progress in the implementation of the Habitat Agenda and the United Nations Millennium Development Goals.

More specifically, the network will, firstly, ensure adequate regional coverage in the global review of human settlements conditions and trends and of progress achieved in the implementation of the Habitat Agenda and Millennium Development Goals. Secondly, it will enable UN-HABITAT to be continually in touch with researchers and institutions engaged in cutting-edge research on human settlements issues. Thirdly, the Network will also enable UN-HABITAT to have access to the results of past and on-going human settlements research all over the world as inputs to the *Global Report on Human Settlements* and *The State of the World's Cities* report.

HS-Net is long-term and will be involved in the formulation and execution of the research required for each issue of the flagship reports. As both reports are published every two years, the idea is to have a lead period of at least three to four years during which the research necessary for each issue of the reports will be carried out. For each issue, relevant institutions and researchers from within the Network will be invited to carry out the necessary research. Topics that have been selected for future issues of both the *Global Report on Human Settlements* (2005 and 2007) and the *State of the World's Cities* report (2008 and 2010) are: “Urban Safety and Security” and “Financing Shelter and Urban Development”.

The Network is also expected to contribute towards wider research on urban issues and trends, especially the priorities recently identified by UN-HABITAT in its Urban Research Agenda, which are: shelter conditions (including slums, secure tenure and rental housing); rights (including housing rights, the right to the city, gender equality and social exclusion); urban conditions (including urban poverty, urban social structures and processes and HIV/AIDS); urbanization and the economy (inclusive of the impact of macroeconomic variables on urban conditions, livelihoods and urban-rural linkages); as well as the following policy priorities - urban slum policies (including slum upgrading and housing rights); municipal finance and financing of urban

services and infrastructure (including financing of large-scale slum upgrading); governance and the role of local authorities (including local government decentralization, inclusive and partnership policies); and best practices and policies. The results of research on these topics are expected to enrich future issues of the flagship reports and to provide policy-relevant information to Governments and Habitat Agenda partners.

2. Goal of HS-Net

The goal of HS-Net is to provide a coherent, effective and sustainable global system for researching and reporting on human settlements conditions and trends, and on the implementation of the Habitat Agenda and of relevant Millennium Development goals and targets and, in the long-term, to contribute towards the improvement of the lives of the poor through the implementation of well-informed and more effective human settlements policies and strategies.

3. Objectives of HS-Net

The following are the objectives of HS-Net:

- (a) To advise UN-HABITAT on global human settlements conditions and trends on the basis of research results and in the selection of themes for issues of UN-HABITAT's flagship reports, i.e. the *Global Report on Human Settlements* and *The State of the World's Cities* Report;
- (b) To advise UN-HABITAT on the substantive content and organization of specific issues of UN-HABITAT's flagship reports;
- (c) To contribute commissioned and non-commissioned inputs to specific issues of UN-HABITAT's flagship reports; and
- (d) To promote the global sharing of human settlements information, especially on human settlements research activities, through electronic and non-electronic mechanisms.
- (e) To build research capacity in human settlements issues through conferences, e-discussions, regional meetings, and publications.

4. Functional structure of HS-Net

The key organs of the network will be the Secretariat, the Advisory Board and the Steering Committee.

(a) The Secretariat

The Policy Analysis, Synthesis and Dialogue Branch of UN-HABITAT, or the most relevant organizational unit at any given time, will be the Secretariat of the Network.

The secretariat will:

1. Organise Steering Committee meetings (as and when necessary)
2. Manage the website. This will include:
 - Regular updates and website maintenance
 - Promoting networking between researchers, institutions etc.
 - Responding to queries
 - Annual reviews of website
3. Engage in fundraising activities to support the dialogue initiatives
4. Prepare draft policy guidelines for the network
5. Organise and manage the UN-HABITAT Lecture Award Series with support from the Network's Advisory Board
6. Organise, manage and publish the Human Settlements Global Dialogue Series

(b) The Advisory Board

The members of the Advisory Board shall be seasoned researchers engaged in human settlements research. The role of the Advisory Board will be to advise UN-HABITAT on substantive matters with respect to the flagship reports, i.e. the *Global Report on Human Settlements* and *The State of*

the World's Cities report. To ensure regional representation, the Advisory Board will include members from the following regions of the world:

Developing economies

- Sub-Saharan Africa
- Middle East and North Africa
- Asia
- Latin America and the Caribbean

Advanced economies

- North America
- Western Europe
- Pacific

Countries with economies in transition

- Eastern Europe
- Central Asia

Specifically, the Advisory Board Members will:

1. Advise UN-HABITAT on global human settlements conditions and trends on the basis of research results
2. Contribute commissioned and non-commissioned inputs to specific issues on flagship reports.
3. Serve as Jury for the UN-HABITAT Lecture Award
4. Review papers submitted for the Human Settlements Global Dialogue Series

(c) The Steering Committee

The Network will be co-ordinated by a Steering Committee consisting of 20-25 individuals selected from the Advisory Board [see (b) above], and the Secretariat. The role of the Steering Committee will be to guide the operation of the Network and to provide professional advice for the flagship reports.

In addition to their tasks as Advisory Board members, the Steering Committee members will:

1. Advise UN-HABITAT on the substantive content and organisation of specific issues of flagship reports
2. Be involved in the selection of themes for future issues of the Flagship reports
3. Determine network rules, objectives and policies
4. Inform other regional partners of the network & encourage membership to network

Members of the Network's Steering Committee will meet periodically to plan and discuss the substantive content of future issues of the flagship reports.

(d) General network members

The membership of the Network will consist of global and regional networks, research institutions, as well as individual researchers involved in human settlements research.

The members will:

1. Share information on new and on-going research projects and statistical surveys, results of research projects and statistical surveys, results of project and programme evaluations, conferences and meetings and new publications through the website.
2. Contribute to dialogue on urban issues by participating in e-discussions hosted on the website.
3. Submit articles for publication in the Human Settlements Global Dialogue Series.

UN-HABITAT will, from time to time and on a competitive basis, commission member institutions and individual researchers to carry out research on specific issues relevant to the flagship reports.

5. Key activities of the network

(a) Website

The Network will share information through a website, including information on new and on-going research projects and statistical surveys, results of research projects and statistical surveys, results of project and programme evaluations and on new publications. The website will contain the following resources:

- Flagship reports portal – interactive page on flagship reports
- Database on members and their current research projects
- Listing of new publications
- Topic-based work groups and list-servers
- Calendar of up-coming and current global events in human settlements.
- Database on networks in human settlements
- E-discussions on relevant topics
- Links to other UN programmes involved in human settlement issues
 - Other appropriate links
 - E-library – for members only
 - The Human Settlements Global Dialogue Series
 - The UN-HABITAT Lecture Award Series

(b) The Human Settlements Global Dialogue Series

The Human Settlements Global Dialogue Series is a research paper series that will provide a forum for members of the Network to publish cutting-edge on-going research in human settlements. In addition, outstanding research papers that have been submitted for the Flagship Reports will be published through the series. A panel consisting of members of the Network's Advisory Board and representatives from UN-HABITAT Regional Offices will review the papers submitted for publication. The network will publish between 10-15 papers under the series in a year. Published papers will be posted on the network's website.

(c) The UN-HABITAT Lecture Award Series

The UN-HABITAT Lecture Award Series is an international award programme that seeks to recognise outstanding policy-oriented research in the human settlements field. The Award Winner, selected by members of the Network's Advisory Board, would be required to prepare a 20-25 page paper based on his/her research, and to subsequently deliver a 1-1 ½ hour interactive lecture on the same. The lecture will be delivered annually before a live audience alternatively during the Urban Environment Forum and the UN-HABITAT Governing Council. The theme for the lecture will be related to the theme of an upcoming Flagship Report, or a topical issue as determined by the Advisory Board. The lecture will be disseminated as widely as possible through various media, and a written copy of the lecture posted on the website. An award of \$10,000 together with a commemorative plaque will be presented to the Award Winner.

6. Evaluation

The project will be monitored regularly by the Secretariat of the Network and evaluated annually to determine its effectiveness, efficiency and relevance. The evaluation will be carried out principally by questionnaire to the network members. The project will be monitored against pre-determined milestones.

7. Information Dissemination

1. Once the website is uploaded and functioning, all UN-HABITAT regional offices, programmes, and partners will be informed of the network and encouraged to participate and to inform their networks of the new resource.
2. The Secretariat will identify and approach prominent partners and actors in human settlements for collaboration.

Attachment 1 : The UN-HABITAT Lecture Award Series

The UN-HABITAT Lecture Award Series is an activity of the Global Research Network on Human Settlements, HS-Net. It is an annual award programme that seeks to recognise and disseminate outstanding achievements and new insights in policy oriented research in the human settlements field. A key component of the award is the delivery, by the award winner, of a 1½ hour lecture before a live audience; 45 minutes of which is dedicated to the lecture and the remaining time to discussion with the audience. The lecture, based on recent original research (not more than 5 years old) should be delivered in such a manner as to stimulate debate and provoke new thinking. The first Lecture is anticipated to take place in 2006.

Purpose

The purpose of the Lectureship is to stimulate debate and dialogue on pressing human settlements issues and to capture and disseminate new thinking and new trends in addressing the multi-faceted challenges of sustainable human settlements. The Lecture programme will keep UN-HABITAT up to date with current research and thinking in human settlements, and will provide valuable insights into diverse human settlements issues thus enriching the content of the flagship reports. Additionally, it will afford UN-HABITAT greater visibility and will inform a broader audience about the Habitat Agenda.

Subject

The subject area of the Lecture Award Series is human settlements, both urban and rural. The theme for each specific lecture will be determined by the Advisory Board of the Network and will be announced a year in advance. The theme may be related to that of an upcoming UN-HABITAT Flagship Report, or it may be a current topical issue.

The Lecture

The lecture is delivered annually to a live audience - alternatively during the World Urban Forum (held biennially in September) and the UN-HABITAT Governing Council (held biennially in May). A panel of 2-3 experts, selected from the Advisory Board of the Network and UN-HABITAT as appropriate, is involved in the interactive session of the lecture. The purpose of the panel is to add value, breadth and depth to the quality of the discussion following the lecture. After the lecture, a cocktail will be held to bestow the Award to the Lecturer, and to announce the topic for the next Lecture.

The Award

A prize of US\$ 10,000 will be granted to the Award Winner. In addition, travel and accommodation (for 7 days) to the venue of the lecture will be provided. The Award Winner will also receive a commemorative plaque engraved with his/her name.

Eligibility

The programme is open to any individual engaged in policy-oriented research in the human settlements field – both urban and rural. The ideal candidate will have a strong provable research record. The applicant must be residing and engaged in research in their respective research region.

Selection Process

The Lectureship will be advertised through the Network

Individuals may apply personally or be recommended by other individuals or institutions.

Applications/recommendations for the lectureship shall be sent to the Network's Secretariat. The Advisory Board will select the Award Winner from previously determined criteria. The deadline

for applications for the lectureship is the end of September for the Lectureship in the year following. The Award Winner will be announced in the beginning of January of each year.

Selection Criteria

1. The research submitted must be original
2. The research must be current – not more than 5 years old
3. The research should have been carried out under a rigorous research methodology
4. The findings of the research must be clear and substantive, and applicable to policy
5. The research must evidence peer recognition e.g. through reviews of published work, frequency of quoting etc.
6. The research must be documented in a clear and comprehensive manner.

Dissemination

As the Lecture Award Series seeks to recognise and encourage out-standing research in human settlements, it is imperative that it receives wide dissemination. This will ensure a broader impact - research that is not disseminated cannot have an impact on policy - and it will encourage and stimulate further research resulting in improved understanding of human settlements. Consequently, the Lecture will be disseminated in three ways: by production of a multi-media DVD, by publication, and by posting on the website.

DVD Production

The DVD will contain excerpts from the lecture and/or an interview carried out soon thereafter, interspersed with appropriate video clips to enhance viewability. In addition the full lecture will be available on the DVD in PDF format. An initial 300 copies will be produced for distribution.

Publication

The lectures will be published by UN-HABITAT as “The UN-HABITAT Lecture Award Series”. In addition, the lectures will be available electronically on the Network’s website.

It is planned that once the Lecture Award Series is running broader dissemination via TV and Radio Broadcast will be considered.

Attachment 2: The Human Settlements Global Dialogue Series

The Human Settlements Global Dialogue Series is a research paper series that will provide a forum for members of the Global Research Network on Human Settlements to publish cutting-edge on-going policy oriented research. The purpose of the series is to encourage discussion and comment, and to stimulate the exchange of ideas in the human settlements field. It will keep UN-HABITAT informed and up to date with cutting edge research in human settlements, and will also build research capacity in human settlements, especially in developing countries.

Subject

The subject of the Series shall be confined to the human settlements field, both urban and rural. The paper may focus on (i) Policy or (ii) Trends and Conditions, and may be in any of the following topics: Housing, Land, Finance, Infrastructure and Services, Environment, Planning, Living Conditions and Governance. Every year, a topic of emphasis or theme shall be identified. The proposed themes for the next two years are: 1. Finance (Housing Finance, Municipal Finance, Micro-finance) 2. Urban Safety and Security.

Eligibility

Any member of the network can submit findings of on going research work for publication. In addition, papers commissioned by UN-HABITAT for the flagship reports are eligible for publication.

Length of Paper

Ideally, each paper should be between 20-30 pages long; however, this is not a rigid requirement, but a guideline.

Submission Procedure

Papers may be submitted at any time. A submission form should be duly filled in, attached to the proposed paper and submitted to the secretariat for processing. Each submitted paper should be in two parts: Part A will contain a cover page with all the contact information of the author. Part B will contain the main body of the paper and should not reveal the identity of the author/s. On receipt of the form, the secretariat shall circulate the paper, for comments, to the review committee of the Advisory Board. In addition, the paper may be circulated in-house to the relevant branches for comments and to keep staff members abreast with research in their respect fields. The paper, with comments, shall then be returned to the author/s for finalising. On re-submission, if the paper fulfils the requirements of the review committee it will then be published.

Submission Form

The submission form will contain the following information.

Part A

1. Title of Paper
2. Name of Author/s
3. Contact address, including email
4. Institution
5. Number of pages
6. Date of submission
7. Topic/Subject area

Part B

8. Title of paper
9. Number of pages
10. Abstract of the paper
11. Full paper

Review of papers

This is necessary to ensure that the published papers meet acceptable standards. The reviewers will ideally be independent experts. A token honorarium may be given for each paper reviewed. Reviews and any responses may be published alongside the paper on the website to stimulate dialogue.

Output

10-15 papers will be published every year. The papers will be numbered chronologically e.g. Human Settlements Global Dialogue Series No.1.

Dissemination

500 copies of each paper will be printed for sale, and instructions on how to purchase a copy will be provided on the website. Papers will be posted on the web site in Adobe Acrobat's PDF format. Members of the network will be able to access the full paper electronically. Non-members will access the abstract of the paper, and instructions on how they can purchase a copy if interested. An updated listing of the papers will be maintained on the website.

Copyright

UN-HABITAT owns the copyright of any papers that it has commissioned, but will however inform the author/s of any intended publication. Where network members submit papers, the Author/s will hold the copyright.

Any references to Papers published in the Series should be correctly cited and acknowledged.

Annex IX. HS-Net Proposed Activities 2004-2006

Activity	Time Frame	Milestones
A. HS-Net Launch		
1. HS-Net Inaugural Meeting	November 2004	(i) Guidelines on Human Settlements Global Dialogue Series finalised (ii) Guidelines on UN-HABITAT Lecture Award Series finalised (iii) Policy and Guidelines for Network determined
2. Official Launch of Network	November 2004	(i) Official launch of the Global Research Network on Human Settlements, the UN-HABITAT Lecture Award Series and the Human Settlements Global Dialogue Series at the 1st HS-Net Meeting (ii) Network opened to General Members
3. Network Membership Drive	November 2004 – November 2005	(i) Secretariat invites institutions and networks to join HS-Net
B. Human Settlements Global Dialogue Series		
1. Human Settlements Global Dialogue Series 2004	November 2004 – March 2005	(i) Reviews of submitted papers on-going (ii) Production of about 5 papers in the Human Settlements Global Dialogue Series (iii) Published papers posted on the Network Website
2. Human Settlements Global Dialogue Series 2005	April 2005 – March 2006	(i) Reviews of submitted papers on-going (ii) Production of about 10 papers in the Dialogue Series (iii) Published papers posted on the Network Website

Activity	Time Frame	Milestones
3. Human Settlements Global Dialogue Series 2006	April 2006 – March 2007	(i) Reviews of submitted papers on-going (ii) Production of about 15 papers in the Dialogue Series (iii) Published papers posted on the Network Website
C. Global Report 2005 – Financing Shelter and Urban Development		
1st HS-Net Meeting	November 2005	Draft Outline of Global Report 2005 and draft chapter outlines discussed at the HS-Net Inaugural Meeting
	mid-December 2004 – mid-February 2005	Draft chapters of Report distributed to Advisory Board for discussion
	End April 2005	Draft chapters finalised and ready for Publication
	September 2005	Published Report launched
D. Global Report 2007 – Urban Safety and Security		
	February 2005	Draft Outline of Report ready for comments; sent to Advisory Board for discussion
2nd HS-Net meeting	June 2005	(i) Conference on Urban Safety and Security, St. Petersburg, Russia. (ii) Preliminary discussions on Report Outline
3rd HS-Net meeting	June 2006	Draft chapters of Report ready and discussed at 3rd HS-Net meeting
	October 2006	Report ready for Publication
	April 2007	Published Report launched at UN-HABITAT Governing Council meeting
E. UN-HABITAT Lecture Award Series 2006		
1. Announcement	Jan 2005 – September 2005	Place announcement on HS-Net website and other select websites
2. Selection Process	September 2005 - December 2005	Advisory Board reviews nominations and selects Award Winner

Activity	Time Frame	Milestones
3. Announcement of Award Winner	January 2006 – March 2007	Award Winner announced at an appropriate UN-HABITAT function
4. Lecture Delivered 5. Call for Nominations for 2007 Lecture	June 2006	(i) First UN-HABITAT Lecture delivered at World Urban Forum, Vancouver, Canada (ii) Call for Nominations for Lecture Award, 2007
6. Dissemination of Lecture	September 2006 - December 2006	(i) Dissemination of Lecture – published, posted on website, produced on DVD (ii) Nominations for 2007 Lecture received, reviewed and Award winner selected
F. Evaluation of Network		
1. Various components of HS-Net evaluated	September 2006 – November 2006 December 2006	(i) Electronic Questionnaires sent out to members of HS-Net (ii) Evaluation Report prepared

Annex X. Global Data Needs

Presentation by the Global Urban Observatory, Monitoring Systems Branch (3-Nov-04)

Purpose

- brief the group on the monitoring activities of Habitat, as they relate to GRHS and SWCR.
- benefiting from the collective wisdom of this group in collecting country-city-level-policy indicators (Cluster B)

MSB's strategy to strengthen monitoring

- MSB strategy: to have direct access / relationship with data sources
- Analytical capacity within the Branch is being strengthened
- Partnerships, and inter-agency relationships have been revisited, to enable direct access to data:
 - NGOs through a series of workshops
 - UNICEF and UNSD, the ESCAP, ESCWA, ECE, ECLAC
 - Habitat active member of MDG Inter-agency group on Monitoring, Joint Monitoring Programme on Water and Sanitation, Urban DHS, coordinated by USAID, etc.

As a result, MSB has a database consisting of 200 Household Survey data, from the DHS and MICS

MSB and SWCRs

- MSB is in charge of SWCRs starting with the 2006 issue (every two years)
- SWCRs will be organically linked with empirical evidence, Urban Indicators Phase 3, as well as case studies on urban inequities (equalities)

SWCR 2006 objectives

To document and overcome the MDG challenges in cities

TOPIC:

- Urbanizing the Millennium Development Goals
- = Localizing the Millennium Development Goals in Cities, exploring intra-city differentials (especially slum/non-slum)

SWCR 2006 Hypothesis 1

- Problems addressed in the Millennium Declaration are concentrated in slums
- If hypothesis is correct: Policy statement = Slum dwellers are among the worst hit with regards to poverty, diseases, HIV/AIDs, child mortality, education, employment, access to water and sanitation, in most part of the developing worlds

SWCR06 Hypothesis 2

- In implementing the goals, economies of scales are more likely to be achieved in slums than in other areas.
- If hypothesis is correct: Policy statement = Urban slums are the main success zone for MDGs, as population concentration and economies of scale enables optimal access to target populations with least cost;

SWCR06 Hypothesis 3

- Slum upgrading initiatives are sustainable if embedded in an overall MDG country strategy
- If hypothesis is correct: Policy statement = MDG targets on the elimination of poverty, hunger, diseases, unemployment, and others, are more likely to be sustained if slum upgrading initiatives are mainstreamed in the overall MDG drive of countries;

SWCR06 Hypothesis 4

- Reducing inequalities (intra-urban disparities, as well as rural urban disparities) is the more important element for achieving MDGs
- If hypothesis is correct: Policy statement = concentrate development work on reducing intra-urban disparities, as well as rural urban disparities first in order to achieve MDGs

Data for SWCR 2006

- Hypothesis to be verified on the basis of UN-HABITAT indicators (H Agenda, MDG)
- Cluster A indicators to be obtained through secondary analysis of surveys and censuses; The resulting analysis will provide the report with how the shelter deprivation indicators relate to other MDG indicators
- Cluster B indicators, via a variety of methods , including, official reporting, EGMs, networks, etc.. The Cluster B indicators will help place these relationships at the household level, within the country and city context.

Data for SWCR 2006: Cluster A

- **CHAPTER 1: Shelter**
 - Key indicator 1: durable structures
 - Key indicator 2: overcrowding
 - Key indicator 4: access to safe water
 - Key indicator 5: access to improved sanitation
 - Key indicator 6: connection to services
- **CHAPTER 2: Social development and eradication of poverty**
 - Key indicator 7: under-five mortality
 - Extensive indicator 5: HIV prevalence
 - Key indicator 10: literacy
 - Extensive indicator 6: school enrolment
 - Security of tenure (as in indicator 3 under Cluster “B” below)

- **CHAPTER 3: Environmental Management**
 - Key indicator 11: urban population growth
- **CHAPTER 4: Economic Development**
 - Key indicator 19: unemployment

Data for SWCR 2006: Cluster B

- **CHAPTER 1: Shelter**
 - Check-list 1: right to adequate housing
 - Key indicator 3: secure tenure
 - Extensive indicator 3: evictions
 - Check-list 2: housing finance
- **CHAPTER 2: Social development and eradication of poverty**
 - Key indicator 8: homicides
 - Check-list 3: urban violence
 - Key indicator 9: poor households
 - Check-list 4: gender inclusion
 - Data for SWCR 2006: Cluster B
- **CHAPTER 3: Environmental Management**
 - Key indicator 12: planned settlements
 - Key indicator 13: price of water
 - Key indicator 14: wastewater treated
 - Key indicator 15: solid waste disposal
 - Check-list 5: disaster prevention and mitigation instruments
 - Key indicator 16: travel time
 - Check-list 6: local environmental plans
- **CHAPTER 4: Economic Development**
 - Key indicator 17: informal employment
 - Key indicator 18: city product
- **CHAPTER 5: Governance**
 - Key indicator 20: local government revenue
 - Check-list 7: decentralization
 - Check-list 8: citizens participation
 - Check-list 9: transparency and accountability

These indicators may to be too difficult to collect, with no/limited resources. Shorten questionnaire has been prepared on the 'long' list basis with about 20 questions only.

I.A.1. Data strategy

- Both the present stock of data, and cities in pipeline, indicate that Cluster A indicators are on track; funding is available
- Problem remains with collecting the Cluster B indicators with limited/no resources
- Therefore, in order to minimize the load on the respondent, we shrank the original list of Cluster B indicators
- The basic strategy is to find the right respondent who can answer these questions without further investigation, as we do not have funds to pay for further research or desk review

I.A.2. Your advice

Within this context we would like to hear your advice on Cluster B:

- Whether this is a possible undertaking with limited resources?
- The profile of such person
- Through which networks we can reach them
- What do you envisage the response rate would be?

Annex XI. Closing Statement by the Executive Director, Dr. Anna Tibaijuka

Read on her behalf by Mr. Naison Mutizwa-Mangiza

Distinguished Participants

Colleagues

Ladies and Gentlemen

On behalf of the Executive Director of UN-HABITAT, Dr. Tibaijuka, I would like to express UN-HABITAT's sincere gratitude for the hard work that you have accomplished during this Meeting.

You are all very busy people with many commitments. So your presence at this meeting gives us confidence that you consider the HS-Net initiative both potentially useful and challenging. You have further invigorated our determination to make HS-Net a success.

You have had vigorous and conclusive discussions on the vital aspects of HS-Net. I believe you have reached an agreement on the fundamentals of the Network as a whole, in terms of its objectives, membership and mode of operation.

I also believe that you have agreed on some adjustments, some of them fundamental, with respect to the two key components of HS-Net's activities, The Human Settlements Global Dialogue Series and the UN-HABITAT Lecture Award Series. You have further given some constructive advice on the Network's proposed website.

As I emphasized at the beginning of this Meeting, the ideas that we had on the table were just that, IDEAS. You have worked with these ideas to emerge with something that has a much greater chance of survival. We, on our part, are determined that this newly born baby will not die in its infancy. We will do our very best to ensure its growth into a robust entity.

During the meeting, it was pointed out that among the pre-conditions for the success of networks are availability of a minimum supply of resources, both human and financial, and the pursuit of democratic means in decision-making. We promise that we will try our very best to meet these and other conditions. On this note, the very fact that you have been able to democratically select a Chairperson and a Vice-Chairperson from among yourselves signifies a very promising beginning in terms of decision-making.

We are particularly grateful for your insightful and constructive comments on the general outline of the *Global Report on Human Settlements 2005* and on the preliminary ideas presented by the key authors. The Global Report is UN-HABITAT's main flagship report. Governments take it very seriously, and they look forward eagerly to the publication of each new issue.

We have had very positive responses to issues of the Global Report in recent years, including from researchers like yourselves and from non-governmental organizations. Earlier during the meeting I mentioned an evaluation carried out by external experts. This evaluation was generally very positive. It appreciated the high academic quality of the flagship reports and concluded that they represented very good value for money, especially given the resource constraints that we have been operating under. The evaluators also pointed out a number of necessary improvements, including the need to make the results of the Report more accessible to policy makers. A summary of the findings of this evaluation will be sent to you in the near future. With your expert

assistance, we very much trust that the *Global Report on Human Settlements*, as well as *The State of the World's Cities*, will move from strength to strength.

We hope to improve the timing of your meetings so as to ensure that we get maximum benefit from your advice on the flagship reports. In future, we will have more lead-time for each issue of the flagship reports and your comments on the outline will come much earlier in the preparation process.

I would also like to thank the UN-HABITAT team responsible for organizing this meeting consisting of Naison Mutizwa-Mangiza, Ndinda Mwongo, Iouri Moisseev, Sarah Gitau, Pamela Murage, Mary Dibo and Mary Kariuki. Ndinda Mwongo, who was almost daily in touch with you, was responsible for the day-to-day preparatory work and we are very thankful for her energetic contribution. Our thanks also go the United Nations Conference Services Division here at Nairobi who provided the conference rooms and audio services. The services of our caterers, Hotel Intercontinental, are also very much appreciated.

Let me thank you again profoundly for your generosity by being here, for the vigorous dialogue that you have sustained during the last two and half days, and for all the useful recommendations that you have made. We will quickly prepare a draft report of the proceedings of this meeting, reflecting all your recommendations. We will attach new versions of HS-Net documents to that draft report, as amended by this Meeting, and we will ask you for final comments before we print the final report of the meeting.

Finally, for those of you who are leaving Nairobi immediately, travel safely back home. We hope you have enjoyed your stay in Nairobi and, no doubt, we will see you again here at Gigiri. I understand some of you are remaining in Nairobi for a few more days. Please enjoy your stay. Those who are going on the guided tour of Nairobi, I also wish you a successful and enjoyable tour.

It is now my pleasure to declare this very productive Inaugural Meeting of the Global Research Network on Human Settlements (HS-Net) officially closed.

Thank you and good-bye.

Annex XII. List of Participants

BOARD MEMBERS:

Stren, Richard Eli — Chair, HS-Net
Jiron, Paola — Vice Chair, HS-Net
Carmona, Marisa I.
Dong, Suocheng
Durand-Lasserve, Alain
Hegedus, Jozsef
Lall, Vinay D.
Lezama de la Torre, José Luis
Mathur, Om Prakash
Mitullah, Winnie
Ngau, Peter
Nnkya, Tumsifu Jonas
Riofrio, Gustavo
Saule, Nelson
Serageldin, Mona
Shehayeb, Dina K.
Tkachenko, Luidmila Ya
Vardosanidze, Vladimer
Wakely, Patrick
Zubairu, Mustapha

UN-HABITAT STAFF:

Mutizwa-Mangiza, Naison — Head, HS-Net Secretariat
Auclair, Christine
Bazoglu, Nefise
El-Sioufi, Mohammed
Gitau, Sarah
Kiwala, Lucia
Moisseev, Iouri
Moor, Jay
Mwongo, Ndinda
Ngara-Muraya, Rose
Okpala, Don
Roskoshnaya, Tatiana
Zhang, Xing

OTHER PARTICIPANTS:

Mitlin, Diana
Mutero, James G.
Tipple, A. Graham