Committee of Permanent Representatives
to the United Nations Human Settlements Programme
42nd regular meeting
Nairobi, 7 September 2011

Draft minutes of the forty-first regular meeting of the Committee of Permanent Representatives to the United Nations Human Settlements Programme, held on 22 June 2011

Opening of the meeting
1. The meeting was opened at 9.40 a.m. on Wednesday, 22 June 2011, by Ms. Yvonne Khamati-Kilonzo, Deputy Permanent Representative of Kenya to the United Nations Human Settlements Programme (UN-Habitat) and Chair of the Committee of Permanent Representatives.
2. The meeting was attended by 83 representatives from 52 countries and 2 observer missions.
3. The Chair welcomed the following new permanent representatives to the Committee: Mr. Saad Maandi (Algeria), Mr. Shemsudin Ahmed Roble (Ethiopia), Mr. Lodewijk Briët (European Union), Ms. Paola Imperiale (Italy), Mr. Japhet Isaack (Namibia), Mr. Chan-Woo Kim (Republic of Korea), Mr. Alexander Mikhailovitch Makarenko (Russian Federation), Mr. Kamal Ismael Saeed (Sudan), Mr. Mokhtar Chaouachi (Tunisia).
4. She also bade farewell to the following members who had departed or would be departing the Nairobi duty station, thanking them for their contribution to the Committee’s work, which had greatly assisted it in discharging its mandate: Mr. Igor Haustrate (Belgium), Mr. Jayantha P.B. Dissanayake (Sri Lanka).

Item 1: Adoption of the agenda
5. The agenda was adopted on the basis of the provisional agenda set forth in document HSP/CPR/41/1, with an amendment to include an informational briefing by Mr. Joan Clos, the Executive Director of UN-Habitat.

Item 2: Adoption of the draft minutes of the fortieth regular meeting, held on 2 March 2011
6. The minutes of the fortieth meeting were adopted on the basis of the draft minutes set forth in document HSP/CPR/41/2.

Item 3: Adoption of the draft minutes of the extraordinary meeting, held on 31 March 2011
7. The minutes of the extraordinary meeting were adopted on the basis of the draft minutes set forth in document HSP/CPR/41/3.
Item 4: Informational briefing by the Executive Director

8. Introducing the item, the Executive Director said that, since the twenty-third session of the Governing Council, the secretariat had focused on internal reorganization and an in-depth review of the portfolio of UN-Habitat products and services.

9. The organizational review had involved a period of intense discussions with staff with the assistance of two consultants. A final report would be received at the end of July. Much work had gone into considering and rearranging the organization’s portfolio, culminating in the reduction of the number of projects from 400 to 160. The ratio of staff to projects was adequate, with some 254 Professional and 120 General Service staff members. The next step would be to organize the accounting and financial management system. The administration of the organization would henceforth be project-based, increasing transparency. A team leader and a controller would be allocated to each project and Professional staff members would allocate a certain proportion of their time to specific projects. It was to be hoped that the structure of the reorganization would be clear by August and full implementation achieved by the end of 2011. Various groups had been established, each comprising 10–12 Professional staff members, to focus on particular topics such as urban legislation, urban planning, basic services and urban economy, among others. The move was intended to make clearer the catalogue of projects available to assist member States and stakeholders to tackle urban issues.

10. He described a recent visit to Iraq and drew attention to forthcoming visits to China, France and Nigeria for resource mobilization, mentioning that he also intended to visit parts of Asia.

11. In the ensuing discussion, several representatives sought clarification of the impacts of the restructuring of the portfolio of projects, including for developing countries, middle-income countries and emergency disaster response.

12. One representative asked what criteria had been applied in reducing the number of projects and whether the restructuring had been occasioned by financial or efficiency problems. Another suggested that, while the realignment represented a good first step, further reductions in the number of projects might be required to make UN-Habitat more agile and more responsive to needs. He nevertheless expressed his country’s support for and commitment to UN-Habitat, which would be further confirmed during the Executive Director’s mission to France. A third welcomed the increased accountability and transparency that would result from project management changes, while suggesting that the restructuring might be premature and prejudge the future direction of the medium-term strategic and institutional plan. He also welcomed the Executive Director’s invitation to the Committee to be involved in preparations for the sixth session of the World Urban Forum.

13. One representative sought clarification on plans for improved coordination in programme management between the regional offices and headquarters. Another representative pointed out that double reporting to respond to the demands of the medium-term strategic and institutional plan and the United Nations Secretariat had been identified as a fundamental problem for UN-Habitat; she asked how that problem was being tackled in the continuing internal reform process.

14. One representative said that further dissemination of information on the restructuring and realignment would be appreciated, expressing her concerns at the potential impact on projects. Another commended UN-Habitat activities in the Cities and Climate Change Initiative and emphasized his Government’s commitment to urban planning.

15. Responding to the comments made, the Executive Director said that there would be no changes as a consequence of the realignment for field projects that were financed by bilateral donors. Rather, internal projects and administrative and other in-house processes were being targeted for change. Among the new criteria for projects was that they must be valued at a minimum of $300,000; projects of a lesser value had been merged with others to make the organization’s workload more efficient. Given that every project required similar reporting, evaluation and administrative handling, small projects represented a significant drain on resources. He agreed that, with 254 Professional staff members for 160 projects, a further reduction in projects might need to be considered. Once the realignment exercise had been completed, a full briefing would be provided to the Committee.

16. Double reporting would be dealt with in part by the realignment exercise. Subprogrammes and project categories were being aligned to focus areas in the new strategic plan 2014–2019 to avoid different lines of reporting for the plan, for donors and for the United Nations Secretariat. Reporting currently accounted for 20–25 per cent of Professional staff members’ working hours. The sum of changes to the number of projects, modifications to the medium-term strategic and institutional plan and the work programme and budget would give those staff members more time to concentrate on other aspects of their work.
17. Emergency and disaster response funds would not be diminished by the realignment of projects but would in fact increase, as savings made through the realignment would be redirected to that area. The reduction in the number of projects would not affect the future strategic orientation of UN-Habitat; new projects would be considered as appropriate. Projects were not being closed but rather rearranged with some merged with others. There would be no impact on middle-income countries as projects with earmarked funding were not affected. United Nations system-wide experiences were being reviewed to ensure improved coordination between regional offices and headquarters. A matrix organization was currently planned for increased efficiency.

Item 5: Report on the follow-up to the resolutions of the Governing Council at its twenty-third session

18. Introducing the item, the representative of the secretariat said that the Governing Council had adopted 18 resolutions at its twenty-third session, from which the bulk of UN-Habitat work in the lead-up to the twenty-fourth session would emanate. The proceedings of the Governing Council at its twenty-third session had been sent to New York for onward transmission to the Economic and Social Council for consideration in July 2011. Work had begun on the implementation of some resolutions and a plan was being prepared, among other things, to assess the costs of their financial implications.

19. In the ensuing discussion, most of the representatives who spoke expressed their appreciation for the success of the twenty-third session of the Governing Council. One welcomed the cooperation between the secretariat and the Committee in the preparation of high-quality pre-session documents. She took note with satisfaction of the draft report of the session and looked forward to the plan and budget for the implementation of resolutions.

20. A number of representatives said that, while the paperless system at the session had reduced costs, a more systematic assessment was required before moving forward in that regard.

21. One representative suggested that there was room for improvement in the efficient management of Governing Council sessions, in particular with regard to the modalities for the Committee of the Whole.

22. Several representatives expressed concern at the proliferation of last-minute resolutions, which precluded adequate consideration of their financial implications and impeded consultations between participants and with capitals, among other things. One suggested that, in response to that proliferation, the secretariat might consider each resolution as it was submitted, assessing whether it tallied with the work programme and budget. Alternatively, the rules of procedure of the Governing Council could be amended to establish an appropriate time limit for submission of draft resolutions of, for example, 12 hours before the opening of a session.

23. One representative stressed that UN-Habitat activities should be governed by the work programme and budget and guided by the medium-term strategic and institutional plan. Another welcomed the continuing streamlining and the Executive Director’s commitment to reform, underscoring the importance of efforts fully to implement results-based management.

24. One representative welcomed the opportunity to provide input into and comments on the medium-term strategic and institutional plan after the summer recess. She looked forward to the new priorities of UN-Habitat and called for increased efficiency, especially in areas in which the organization enjoyed a comparative advantage.

25. A number of representatives drew attention to resolution 23/17 on sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure, by which the Governing Council had requested the Executive Director to ensure the engagement of UN-Habitat in the preparatory process for the United Nations Conference on Sustainable Development in consultation with the Committee. One noted that the Secretary-General had decided to establish a principles group of executive chiefs of United Nations entities to ensure a system-wide unified strategy. The group had met the previous week and prepared a discussion paper on the unified strategy alluding to the possibility of sustainable development goals as an outcome of the conference and establishing a theme of sustainable urbanization. It was likely that one of the sustainable development goals would refer to sustainable urban development. The contribution of UN-Habitat to the preparatory process and the Conference was, therefore, highly significant. At a previous Committee meeting, the secretariat had suggested that the UN-Habitat contribution to the preparatory process would comprise a verbal presentation to the Preparatory Committee. He suggested that, given that United Nations bodies had been invited to make written contributions, it would be appropriate to respond to resolution 23/17 by means of a written presentation, which would also facilitate the Committee’s engagement in the process.
26. One representative asked whether the process for the implementation of resolution 23/14 on sustainable urban development through policies for safer cities and urban crime prevention had been decided upon.

27. One representative drew attention to the proposed dates for the twenty-fourth session of the Governing Council, noting that a number of representatives at the twenty-third session had expressed concern in that regard due to the scheduling of other meetings, in particular the twenty-seventh session of the Governing Council of the United Nations Environment Programme (UNEP). He asked whether the timing of UN-Habitat Governing Council sessions could be amended to take place in the alternate year to UNEP Governing Council sessions. He proposed that the secretariat should hold a meeting for the Committee to discuss the matter further and sought clarification on options for the way forward in that regard.

28. Responding to the comments made, the Executive Director concurred with concerns expressed about the proliferation of last-minute resolutions, while cautioning that it fell to the Governing Council to decide upon any changes to the rules of procedure.

29. He said that UN-Habitat was extremely engaged in preparations for the United Nations Conference on Sustainable Development. It was focusing, in particular, on the importance of urban planning to make cities and the land surrounding them more compatible and on ways of combating flooding and of improving standards and quality to protect cities against climate change and natural disasters. UN-Habitat would make both written and verbal presentations to the Preparatory Committee.

30. To respond to the results-based management requirement of the medium-term strategic and institutional plan, the organization was moving to project-based administration with radical changes in organization and the accounting system. A move to accrual accounting from cash accounting would transform the accounting mechanisms and increase transparency. Realigning working methods, styles and systems was crucial, requiring significant investment in computerized systems and considerable change within UN-Habitat.

31. A representative of the secretariat noted that, by its resolution 23/17, the Governing Council had requested the secretariat to transmit the summary of the high-level dialogue at its twenty-third session to the Bureau of the United Nations Conference on Sustainable Development as an input to the formal preparatory process. The Preparatory Committee had previously requested Governments and United Nations agencies to provide input and contributions in writing by 1 November 2011 for inclusion in a compilation document to serve as a basis for the preparation of the zero-draft of the United Nations Conference on Sustainable Development outcome document. UN-Habitat would provide other substantive input to the process relating to the themes for the Conference and was involved in parallel preparatory processes, for example in the group of principals of United Nations agencies and through the involvement of regional offices in regional meetings led by regional economic and social commissions.

32. Another representative of the secretariat said that, before the twenty-third session of the Governing Council, the secretariat had proposed that a maximum of 11 draft resolutions should be submitted for consideration. In practice, the Governing Council accepted resolutions submitted by noon on the second day of its session. The sentiments expressed at the current meeting would be discussed further in working groups and conveyed, along with appropriate recommendations, to the Bureau of the Governing Council.

33. Regarding the dates of sessions of the Governing Council, he noted that subsidiary bodies of the General Assembly tended first to look at the dates of meetings of the Economic and Social Council and the General Assembly to establish the dates of their own meetings on the basis of the rules for submission of documentation, i.e., that author departments must submit documents for editing and translation 10 weeks before the meeting at which they were to be presented and that documents must be issued six weeks before that meeting. He took note of the request for a process to be established to consider the timing of sessions.

**Item 6: Six-monthly progress report on the implementation of the medium-term strategic and institutional plan**

34. Introducing the item, the Executive Director presented the six-monthly progress report on the implementation of the medium-term strategic and institutional plan set out in document HSP/CPR/41/5. He drew attention to the new format of the report and improvements in its content, before going on to highlight significant achievements over the previous six months and work that remained to be done. To achieve results-based management, accounting methods would ensure that project managers were fully aware of the income expected so that they could base expenditure on that
In the ensuing discussion, several representatives commended the Executive Director and the secretariat on the quality of the report.

One representative expressed appreciation for the progress made in the implementation of the medium-term strategic and institutional plan, and the clearer links to resources and indicators described in the report. Another suggested that chapter 6 of the report could be shorter as it repeated some of the material in chapter 5.

One representative said that UN-Habitat needed to improve reporting on results and achievements, strengthening the link between planning and reporting and building the link between reporting and evaluation. Planning and reporting should be more outcome-oriented, describing the impacts of activities rather than merely indicating a baseline and target. Evaluation work should complement results reporting and describe outcomes, impacts and sustainability in the longer term and evaluations should be conducted by independent evaluators and discussed by the Committee. Reporting on the medium-term strategic and institutional plan should be based on the results-based framework of April 2009, and reporting on the new strategic plan should also be based on a clear results framework. In view of the financial and human resources investment in reporting, there was a need to condense important aspects, harmonize reporting and focus on meeting the needs of stakeholders.

In response to the comments made, the Executive Director said that work was under way to finalize a new methodology for full implementation of results-based management.

**Item 7: Quarterly report on the financial status of UN-Habitat**

Introducing the item, the Executive Director drew attention to the quarterly report on the financial status of UN-Habitat as set out in document HSP/CPR/41/6. The expected income for 2011 for the United Nations Habitat and Human Settlements Foundation was significantly reduced compared to 2010, whereas earmarked funds from bilateral agreements for field projects were increasing. Preventive measures had been put in place to protect the organization’s core funding; around 20 posts had been frozen and reduced allotments for the second half of the year aimed to decrease consultants’ fees and general expenditure. By the end of 2010, there had been a budget deficit of some $4.6 million. It was to be hoped that restrictions in 2011 would reduce that deficit, eliminating it completely in 2012. He also expressed thanks for the contributions received from the private sector.

In the ensuing discussion, several representatives thanked the Executive Director for his report. Many expressed concern at the decline in non-earmarked funding, which, said one, was a worrying trend in terms of focus and priorities of the work programme.

One representative said that her Government provided grants to UN-Habitat in two forms: non-earmarking and soft earmarking. The former represented unconditional support, while the latter was based on the principle of recipient responsibility in line with the priorities of the work programme. The increasing trend for earmarked funding, aggravated by the financial crisis, alongside increased competition in the urban development field, was threatening UN-Habitat normative work. The work programme’s resilience and flexibility were at risk and attention was being diverted from the targets set out therein. While it was positive that middle-income countries had increased their contributions, those should not be limited to activities in their own countries, which would suffer were UN-Habitat unable to perform its core functions.

One representative expressed concern that the post of Director of the Regional Office for Latin America and the Caribbean was vacant and requested the Executive Director to consider filling it.

Responding to the comments made, the Executive Director concurred with the concerns expressed regarding the importance of core funding for UN-Habitat, which was vital to ensuring its sustainability, and research and policy development capacity. He expressed his appreciation to the main donors of non-earmarked funding: the Governments of Norway, Spain, Sweden and the United States of America. Non-earmarked contributions depended on the quality of UN-Habitat normative work, which was the principle reason behind the continuing review of the portfolio of projects and internal reorganization. The considerable expertise of UN-Habitat in conflict and disaster situations, which was increasingly in demand, had been built thanks to donors of non-earmarked funding. The introduction of accrual instead of cash accounting would be an important step forward in clarifying the
financial position. Expectations and income for earmarked and non-earmarked funding were in line with the budget presented at the twenty-third session of the Governing Council.

44. He thanked the principal donors of earmarked funding, including the Governments of Japan, whose contribution was the highest at some $70 million, the United States, the European Union and the United Kingdom of Great Britain and Northern Ireland. It was important to note that the Government of Japan, through its contributions towards country activities in Afghanistan, Pakistan, Senegal and Somalia, was contributing $77 million for 2011, which accounted for 71 per cent of the total earmarked contributions that the secretariat had received to date in 2011. The radical changes under way to adapt the organization, increase productivity, reduce expenditure and realign the project portfolio were aimed at enhancing competitiveness and attracting donor interest. It was crucial to develop robust theories and policies that could change current global urbanization patterns.

45. He noted that, while the post of Director of the Regional Office for Latin America and the Caribbean was vacant, the Officer-in-Charge was carrying out the duties of that post efficiently.

Item 8: Progress report on the preparations for the sixth session of the World Urban Forum

46. Introducing the item, the Executive Director said that the Government of Italy had offered to host the sixth session of the World Urban Forum in Naples from 1 to 7 September 2012 following the withdrawal of the offer to host the session by the Government of Bahrain. He outlined preparations for the event, describing his visit to Italy the previous week. The Government of Italy had requested that the theme of the session should be changed from “Prosperity of cities” to “Urban futures” as that was seen to be more neutral, optimistic and universal. Any proposals for parallel events at the session could be submitted to the organizing body within the secretariat.

47. The Committee agreed to discuss the matter further in working groups.

Item 9: Progress report on the governance review process

48. Introducing the item, the co-chair of the governance review process presented the progress report on the process set out in document HSP/CPR/41/8. He described the options set out in a report submitted to the Governing Council at its twenty-third session detailing the options for the structural reform of the governance of UN-Habitat and drew attention to resolution 23/13 on UN-Habitat governance. A meeting of the joint implementation team had agreed that to respond to the requests made in that decision an open-ended consultative group should be established, comprising two permanent representatives from each regional group and open to all Committee members, to prepare the terms of reference to guide the process for the assessment of the structural elements of the governance review, among other things.

49. Several representatives voiced support for the establishment of an open-ended consultative group. One highlighted the clarity of decision 23/13 as a basis for future work, underscoring the need to avoid excluding options for structural reforms. Another requested the secretariat to give ample notice of meetings of the group to ensure that interested parties could participate. A third sought clarification regarding the procedure for the establishment of the group and the group’s reporting. He stressed that its work should be aggressive, dedicated and policy-driven, given the timeline for the review process. One representative emphasized the importance of regional groups’ support to the process and a transparent approach.

50. A representative of the secretariat said that to establish the group a note verbale would be circulated to the regional groups requesting them each to nominate two permanent representatives to the group. As the spirit of resolution 23/13 was that the process should move forward with all haste, the secretariat would draft terms of reference and a timeline as soon as possible. The reporting process would be similar to that under the previous phase of the governance review with a quarterly report to the Committee, regular updates to the Executive Director and briefings to the Bureau.

51. The Committee approved the establishment of an open-ended consultative group.

Item 10: Other matters

A. Draft road map for the preparation of the strategic plan

52. Introducing the item, the Executive Director drew attention to the draft road map for the preparation of a strategic plan for the period 2014–2019, as requested by the Governing Council in its resolution 23/11, set out in document HSP/CPR/41/9. He highlighted its salient aspects, stressing the importance of regular consultation with the Committee in finalizing it. Expediency was required as a result of the limited time available to complete the strategic plan, although a request to extend the
deadline by which to submit the two-year strategic framework would be made to Headquarters, which would somewhat alleviate the problem if approved.

53. One representative, thanking the Executive Director for his presentation, said that the development of a road map and strategic plan were part of an important process that would determine UN-Habitat activities for many years to come. She called for an inclusive and transparent process, stakeholder ownership of the strategic plan and adequate time to consider the issues. She welcomed the secretariat’s moves to relieve strict time limits, querying the need to conclude the strategic plan in 2012 when it would not take effect until 2014.

54. Another representative pointed out the relevance of the governance review and its completion to the deadline for completion of the strategic plan.

55. In response to the comments made, the Executive Director emphasized the importance of aligning the budget, work programme, strategic plan and organization of UN-Habitat for optimal productivity.

B. Draft work schedule of the Committee for the second half of 2011

56. The Chair drew attention to the draft work schedule of the Committee set out in document HSP/CPR/41/9.

57. One representative requested the secretariat to ensure longer intervals between UNEP and UN-Habitat Committee meetings.

58. The Committee approved the draft work schedule before it.

Item 11: Closure of the meeting

59. The meeting was declared closed at 12.45 p.m. on Wednesday, 22 June 2011.