Committee of Permanent Representatives to the United Nations Human Settlements Programme
43rd regular meeting
Nairobi, 15 December 2011

Draft minutes of the forty-second regular meeting of the Committee of Permanent Representatives to the United Nations Human Settlements Programme, held on 7 September 2011

Opening of the meeting
1. The meeting was opened at 9.40 a.m. on Wednesday, 7 September 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 69 participants from 47 countries and 2 observer missions.

3. The Chair welcomed the following new permanent representatives to the Committee: Mr. Wahidur Rahman (Bangladesh), Mr. Malek Hossein Givzad (Islamic Republic of Iran), Mr. Manuel José Gonçalves (Mozambique) and Mr. Tambirajah Raveenthiran (Sri Lanka). She bade farewell to the following permanent representatives who had departed the Nairobi duty station, thanking them for their contribution to the Committee’s work, which had greatly assisted it in discharging its mandate: Ms. Heli Sirve (Finland) and Mr. Jacob Keidar (Israel).

Tribute to the victims of the recent attack on the United Nations house in Abuja

4. At the invitation of the Chair, the Committee observed a minute of silence to pay tribute to the victims of the recent attack on the United Nations house in Abuja.

Item 1: Adoption of the agenda
5. The agenda was adopted on the basis of the provisional agenda set forth in documents HSP/CPR/42/1 and Add.1.

Item 2: Adoption of the draft minutes of the forty-first regular meeting of the Committee of Permanent Representatives, held on 22 June 2011
6. The minutes of the forty-first meeting were adopted on the basis of the draft minutes set forth in document HSP/CPR/42/2.

Item 3: Election to replace the departing member of the Bureau of the Committee of Permanent Representatives for the biennium 2010–2011

7. Following the departure of Mr. Bruno Garcia-Dobarco Gonzalez (Spain), the members of the group of Western European and other States nominated Mr. Joe Murphy, Permanent Representative of the United States of America, for the office of Vice-Chair of the Bureau of the Committee of Permanent Representatives.

8. Mr. Murphy was elected Vice-Chair by the Committee.
Item 4: Informational briefing by the Executive Director

A. Update on the organizational review

9. In his presentation, Mr. Joan Clos, Executive Director of UN-Habitat, said that significant progress had been made with the organizational review process, highlighting the main elements of the new organizational structure.

10. Under the proposed structure the organization would be project-based, bringing together normative and operational work under each project; flexibility would be achieved by working through teams; there would be clear delegation of authority down to the project level; and both existing field projects and normative work would be managed through a project-based accountability approach. Complete alignment between the strategic plan, strategic framework, work programme and budget and the organizational structure would simplify accounting and reporting, enhancing accountability and transparency. The accrual accounting method would be followed as opposed to cash-based accounting. The new organizational structure was expected to begin operating from January 2012 at the same time as the UN-Habitat accrual accountability system. The new strategic plan would take effect for the period 2014–2019 with the medium-term strategic and institutional plan guiding the work of UN-Habitat until then. The Bureau had recommended that an open-ended consultative group should be created to receive comments, debate and inform member States about all aspects of the evolution of the organizational review. He commended all those involved in the review process on their commitment and hard work.

11. In the ensuing discussion, several representatives thanked the Executive Director for his report and commended him on his leadership and courage in undertaking the restructuring of UN-Habitat. Support was expressed for the changes in the organization and the successful outcome of the organizational review. One representative said that the review afforded a historic and crucial opportunity for UN-Habitat to consolidate its position as the reference point for the United Nations on human settlements; there was much to be done in the area of urban development and UN-Habitat should be at the forefront of that work. Others looked forward to receiving more documents on the proposed new organizational structure to study. Another noted that the restructuring remained in progress, calling for further formal and informal dialogue thereon.

12. One representative expressed the view that a unique characteristic of the organization was its focus on both normative and operational aspects, and that that aspect should be made more effective and transparent. He also recommended that UN-Habitat should pay greater attention to tapping the potential of United Nations and civil society organizations that were willing to work with UN-Habitat.

13. The representative of Spain said that his Government was making available 2.5 million euros for the identification of best practices in the provision of urban basic services by the public and private sectors.

14. Responding to the comments made, the Executive Director emphasized that the reorganization was at an important stage of final refinement and implementation and that the main aspects of the new structure would be in place on schedule at the beginning of January 2012, although some database and accountability issues would require more time as a result of their complexity. He stressed that the reorganization represented a change in the way of working and the culture of UN-Habitat in terms of transparency and accountability. UN-Habitat was working with United Nations Headquarters in line with the “one United Nations” approach and was also undertaking a broad consultation process with stakeholders that would continue throughout the complex exercise.

B. Update on preparations for the 2012 United Nations Conference on Sustainable Development

15. Introducing the item, the Executive Director outlined salient developments in the preparatory process for the Conference. The key messages of UN-Habitat to the Conference had been presented to the Executive Committee on Economic and Social Affairs and the Bureau of the Conference in July 2011. UN-Habitat was drafting focused input that would contribute to the preparation of the draft outcome document for the Conference and would be shared with the Committee when finalized. UN-Habitat regional offices were currently preparing for regional preparatory committee meetings at which they would be represented where possible. UN-Habitat had also initiated discussions with local government associations regarding a possible high-level event on the role of cities in future sustainable development to be held ahead of the Conference.

16. The Committee took note of the report.
Item 5: Report on the preparations for the sixty-sixth session of the General Assembly

17. Introducing the item, the Executive Director outlined the three documents that would be before the Second Committee of the General Assembly when it discussed the agenda item on UN-Habitat on 24 October 2011. He urged member States to support the negotiation process on the two resolutions on UN-Habitat issues expected to be tabled at the sixty-sixth session of the General Assembly.

18. The Committee took note of the report.

Item 6: Six-monthly report on the country activities

19. Introducing the item, the Executive Director presented the first six-monthly report on UN-Habitat country activities, in line with the recommendations made to the secretariat by the Committee in March 2011, as set out in document HSP/CPR/42/6. He highlighted the main projects that had been closed and opened in the preceding six months, noting that, the challenges associated with field work and programme execution notwithstanding, UN-Habitat was maintaining a highly dynamic portfolio responsive to regional and national needs and requests and in line with the priorities of the medium-term strategic and institutional plan. He emphasized the readiness of UN-Habitat to assist in the reconstruction and rehabilitation efforts of the Arab States affected by recent political changes and expressed appreciation to the Government of Egypt for the support that it had provided in relation to the UN-Habitat regional office for Arab States to be opened in Cairo shortly.

20. In the ensuing discussion, one representative suggested that the report on the country activities would be even more useful if the project descriptions focused in more detail on the specific goals and objectives of projects and reflected the extent to which those were achieved and how they related to the normative work of UN-Habitat. While that would require additional effort by the secretariat, it was particularly important to look at projects in their totality, especially in the light of the transition to project-based management.

21. In his response, the Executive Director emphasized that the main objective in adopting a project-based methodology was to align the operational and normative aspects of project work. In the new organizational structure, the project director would play a key role.

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

22. 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/42/7. The total income received during the first seven months of 2011 was $166.2 million, 30 per cent above the level of resources received during the same period in 2010, with the difference mainly due to a 35 per cent increase in the earmarked contributions received. The general-purpose income for 2011 was still projected at $15.8 million in view of the unpredictable global economic climate. To deal with the projected shortfall in general-purpose income, UN-Habitat was working towards doing more with less by instituting cost control and management measures and revising the Foundation general-purpose allotment for the biennium 2010–2011 downwards to $38.9 million. In addition, a project-based solution was being implemented to improve resource management, performance measurement and overall productivity. He acknowledged with gratitude the pledges and contributions received since the previous financial report and expressed his appreciation to the Governments and organizations that continued to partner with UN-Habitat to provide support, especially towards continuing post-conflict, post-disaster and poverty alleviation efforts in Afghanistan, Haiti, Pakistan, Somalia, Sri Lanka and the Sudan.

23. In the ensuing discussion, a number of representatives thanked the Executive Director for his report and requested clarification of how it was possible to have both an increase in earmarked contributions and a shortfall in programme support costs that necessitated the use of reserve funds, as reported in section 2 (iii) of document HSP/CPR/42/7. One representative sought clarification of the status of reserves.

24. The representative of the secretariat explained that projections for programme support accounts were made at the beginning of each year, with planned budget expenditures for the year based on the total amounts of programme support income expected to be generated during the year. As income was generated by the implementation of projects rather than from receipt of contributions, there were times when the income did not meet the expenditure requirement because of the rate of project delivery. In those instances, reserves would be used to meet expenditure requirements in a timely manner. There was no doubt, however, that the income expected to be realized would, in fact, be realized at some point.
25. The Executive Director emphasized that all accounting matters were under control, even if they were sometimes difficult to follow. He stressed that the budget shortfalls referred to did not actually mean that expenses were extending beyond the budgeted amount, but rather that pledged funds had not yet been received at a given point in the year when certain expenditures were due and that reserves were thus being used while awaiting the remainder of the income. Difficulties in following the accountability and the apparent contradictions that had been pointed out resulted from the use of the cash method of accounting rather than the accrual method, which meant that the conversion to the project accrual accountability system, which would apply the accrual method and make a balance sheet available for review, would result in a more easily understandable system.

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

26. Introducing the item, the Executive Director said that, following the withdrawal of the offer of the Government of Bahrain, the offer of the Government of Italy to host the sixth session of the World Urban Forum had been accepted. He was preparing to travel to Rome in the near future to sign the conference agreement. He expressed gratitude to the Italian authorities for their efforts in preparing the session, which was scheduled to be held in Naples from 1 to 7 September 2012. He noted that the theme of the session, “The urban future”, had been posted on the website, along with other useful information. He looked forward to the Committee’s input and further guidance in planning the session, noting that the Committee would be especially important given the Forum’s growing complexity and significance for UN-Habitat advocacy initiatives and the additional work that would be required by the secretariat. Invitations would be sent to capitals by the end of September.

**Item 9: Progress report on the governance review process**

27. Introducing the item, the co-chair of the open-ended consultative group on the UN-Habitat governance review process presented the progress that had been made since the forty-first regular session of the Committee, in June 2011. He said that each regional group had assigned two permanent members to serve on the open-ended consultative group, which would be co-chaired by Mr. Konrad Paulsen, Ambassador and Permanent Representative of Chile to UN-Habitat and rapporteur of the Committee, and Mr. Paul Taylor, Chief of Staff of UN-Habitat. An equal number of secretariat members would also join as standing members and attendance at the group’s meeting was open to all. He encouraged all Committee members to participate actively in the consultations. The group had already held one meeting, on 24 August, during which a broad-ranging discussion had been held on matters relating to the way forward. Agreement had been reached to set up a small working group to draft the terms of reference. Consultations on its membership were being finalized, after which it would begin its work and subsequently report back to the open-ended consultative group.

28. As many new members had arrived since the Committee’s previous session, two informal briefing sessions had been held for the Committee, one under the auspices of the Group of 77 and China on 23 August, and the other, which had addressed the governance review, during the induction seminar for new members held on 2 September.

29. Continuous monitoring had been undertaken of quick wins and immediate and long-term interventions to improve the functioning of the current governance structure, as had been agreed by the Committee at its thirty-ninth session, in December 2010. Currently, 83 per cent of the 47 interventions to be carried out by the secretariat had been fully implemented or were under implementation. Five actions fully within the Committee’s purview were awaiting implementation. The results had been shared with the Bureau and with the open-ended consultative group.

30. A proposal to present the six-monthly progress reports on the medium-term strategic and institutional plan to the Committee in March and September instead of June and December had been agreed by the Bureau on 19 August 2011 and required the Committee’s endorsement. The reasoning behind the change was that it would allow full information for the whole of the preceding six months to be assembled, rather than the partial aggregation used in the current reporting cycle. It would also allow for full coordination with the operational activities report, which was made at the March and September meetings.

31. The Committee endorsed the proposal on the reporting cycle and took note of the report.

**Item 10: Other matters**

32. The representative of the secretariat drew attention to upcoming meetings, such as the African Ministerial Conference on Housing and Urban Development, an international expert group meeting on
the future role of UN-Habitat in preventing, monitoring and assessing forced evictions globally, and a training workshop on results-based management for the Committee members.

33. He also invited the Committee to celebrate World Habitat Day 2011, recalling that the 2011 celebratory events would be held in Mexico.

34. The Chair said that the Committee would visit the project sites of the Lake Victoria Region Water and Sanitation Initiative on 10 and 11 November, and that the secretariat would share information on the visit shortly.

**Item 11: Closure of the meeting**

35. The meeting was declared closed at 11.30 a.m. on Wednesday, 7 September 2011.