Committee of Permanent Representatives
to the United Nations Human Settlements Programme
Forty-eighth meeting
Nairobi, 20 March 2013

Minutes of the forty-seventh regular meeting of the Committee of Permanent Representatives to the United Nations Human Settlements Programme, held on 19 December 2012

Opening of the meeting

1. The meeting was opened at 9.50 a.m. on Wednesday, 19 December 2012, by Mr. Chan-woo Kim, Chair of the Committee of Permanent Representatives to the United Nations Human Settlements Programme (UN-Habitat).

2. The meeting was attended by 73 participants from 52 countries and 2 observer missions. The Chair welcomed the following new permanent representatives: Ms. Samate Cessouma (Burkina Faso), Mr. David Angell (Canada), Mr. Marek Ziolkowski (Poland), Mr. Ibrahim Mohamed Abdul-Rahman Al-Abdulla (Qatar), and he bade farewell to the following departing representatives, thanking them for their contribution to the work of the Committee: Mr. Charles Mogotsi (Botswana), Mr. Manuel Gonzales (Mozambique), Mr. Ndumiso Ntshinga (South Africa).

Item 1
Adoption of the agenda

3. The agenda was adopted, as amended, on the basis of the provisional agenda set out in document HSP/CPR/47/1.

Item 2
Election to replace a departing member of the bureau of the Committee for the biennium 2012–2013

4. Following her nomination by the Western European and other States, Ms. Linette Poulton (United States of America) was elected as Rapporteur.

Item 3
Adoption of the draft minutes of the forty-sixth regular meeting of the Committee of Permanent Representatives, which was held on 24 October 2012

5. The minutes of the forty-sixth regular meeting of the Committee of Permanent Representatives, held on 24 October 2012, were adopted on the basis of the draft minutes set out in document HSP/CPR/47/2.
Item 4
Informational briefing by the Executive Director

6. Introducing the item, the Executive Director highlighted issues of relevance to the third United Nations Conference on Human Settlements (Habitat III). The Second Committee of the United Nations General Assembly had approved a draft resolution on the Conference, which had been forwarded to the General Assembly for its consideration. He outlined the contents of the draft resolution related to the scope, modalities, format and organization of Habitat III. He noted that the draft resolution invited the Executive Director to present to the General Assembly at its sixty-seventh session the outcomes of the governance review process, but emphasized his intention to ensure that the recommendations of the Committee on the most appropriate governance option for UN-Habitat be considered and approved by the Governing Council at its twenty-fourth session before any presentation is made to the General Assembly for its consideration. The draft resolution also encouraged appropriate consideration of sustainable urbanization in the elaboration of the post-2015 United Nations development agenda.

7. He provided an overview of missions he had undertaken in November and December, including missions to Rabat, during which he attended the opening session of a meeting on “Making slums history: a global challenge for 2020”. He also went to Dakar, where he addressed the opening session of the Africités Summit, and to Amman, to attend the Fourth Asia-Pacific Ministerial Conference on Housing and Urban Development.

8. He emphasized the importance and complexity of the post-2015 United Nations development agenda and the efforts under way to develop sustainable development goals. UN-Habitat had an important role to play in ensuring that human settlements issues were adequately reflected in the sustainable development goals, two of which referred specifically to UN-Habitat, one in relation to water and sanitation, and the other in relation to slums. UN-Habitat was working with the United Nations Secretariat to raise awareness on the issue of sanitation in particular. The sanitation target of the Millennium Development Goals was lagging behind other targets and required massive investment at the national level. The global community had already achieved the target of improving the lives of at least 100 million slum dwellers by 2020. The rapid expansion of the slum population meant that a revision of that target was required; the most pragmatic way forward was to aim to improve the lives of a percentage of the total population of slum dwellers.

9. In closing, he noted that the Deputy Executive Director had undertaken her first visit to the largest country mission of UN-Habitat in Afghanistan. She had also visited the Regional Office for Asia and the Pacific in Fukuoka, Japan, where, among other things, she had reviewed projects being undertaken in conjunction with the Government of Japan.

10. In the ensuing discussion, many representatives thanked the Executive Director for his comprehensive and informative briefing.

11. One representative, speaking on behalf of the African group, requested that a governance option submitted by the African group be considered and analysed in terms of legal, political and financial implications alongside other options presented by in the report of the consultant on the governance review process. That option proposed, among other things, a change to universal membership of the Governing Council of UN-Habitat as a means of enhancing the representation, voice and accountability of member States. He requested that the amendment of a draft resolution on the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and the strengthening of the United Nations Human Settlements Programme, including to reflect the governance review process and the position of the African group in that regard.

12. A number of representatives requested that the Committee be provided with the relevant up-to-date draft resolutions being considered by the General Assembly.

13. One representative, speaking on behalf of a group of countries, emphasized the importance of fundraising and sought clarification in that regard on a resource mobilization strategy, which, he said, should aim to widen the donor base. He stressed that if the strategy implicated stakeholders other than Governments, it should do so without prejudice to decision-making by member States. While acknowledging the budgetary implications of the financial crisis, he suggested that a causal relationship could exist between the reduction in contributions by donors and a change in focus and prioritization of the programme of work. The possibility of mandate encroachment in the programme of work should be considered in the development of the resource mobilization strategy. An enhanced fundraising strategy would enable continuity in such areas of work as the experimental reimbursable seeding operations, which had been terminated owing to financial constraints despite its considerable success.
14. One representative, speaking on behalf of a group of countries, said that the General Assembly, at its sixty-seventh session, would consider how best to operationalize paragraph 88 of the outcome document of the United Nations Conference on Sustainable Development, which had, among other things, established universal membership of the United Nations Environment Programme (UNEP). Once the General Assembly had adopted a resolution in that regard, a similar process could be followed to establish universal membership of UN-Habitat. He expressed support for a proposal to convene a preparatory committee meeting for Habitat III at UN-Habitat headquarters in Nairobi in 2015.

15. One representative, speaking on behalf of a group of countries, thanked the Executive Director for his report, especially for his comments on continuing discussions in New York. She suggested that an informal meeting of the Committee should be convened for the purpose of briefing members on the salient aspects of preparations for Habitat III and interlinkage with the programme of work. Another representative emphasized the important role to be played by UN-Habitat in preparations for Habitat III and cautioned against any financial slippage that could be prejudicial to the reputation of the Programme. One representative stressed the need to commence work on preparations for Habitat III without delay to ensure its success for the good of an interlinked humanity.

16. Another representative highlighted the need to link and synchronize efforts to prepare for Habitat III, to attain the targets of the Millennium Development Goals and to prepare for the post-2015 development agenda. Cities and urban population would be extremely important issues in the post-2015 agenda, especially in developing countries. Of particular importance was the need for cities to be environmentally friendly and disaster-resilient.

17. Another representative concurred with comments on the need for coherence with regard to different processes of reflection and preparation. He said that it had been reported that in the draft resolution on preparations for Habitat III, the first organizational preparatory meeting was scheduled to take place in 2014. The Group of 77 and China had favoured preparatory meetings starting in 2013 in parallel with the twenty-fourth session of the Governing Council. He suggested that at least one full preparatory meeting should be held in Nairobi in parallel with the session of the Governing Council to be held in 2015.

18. One representative said that much had been achieved in the reform of UN-Habitat, which was intended to provide a more flexible, transparent, effective and participatory organization and a more controlled financial situation. He emphasized the importance of ensuring a more effective, democratic and transparent structure with an appropriate participatory mechanism. He welcomed efforts by UN-Habitat to incorporate gender sensitivity into the 2014–2015 work programme and the consultative process within the Advisory Group on Gender Issues to look at the issue of gender equality and the empowerment of women. He emphasized the importance of financial support to enable the objectives of the work programme and the strategic plan 2014–2019 to be met. He expressed the hope that the resource mobilization strategy would clarify how the organization would withstand the current financial crisis and said that UN-Habitat should aim to increase public confidence in its operations to enhance funding.

19. Turning to the report of the consultant on the governance review of UN-Habitat, one representative said that the three options set out therein, together with the option submitted by the African group, should be analysed in a report setting out their advantages and disadvantages for ease of reference. Consideration of the options should be guided by such aspects as the mandate, size, principal activities and duality of functions of UN-Habitat.

20. Responding to comments, the Executive Director said that he committed himself to incorporating the views of the African group as requested in its statement and said that he would respond in full to the points raised therein. He said that the secretariat would assure a regular process for the provision of information and consultation on preparations for Habitat III, including review of documentation for the Conference. The support of the Committee was vital to coordination efforts, including in the development of the post-2015 development agenda. He suggested that a subcommittee could be established to coordinate with the secretariat in that regard. He said that the secretariat was working hard to ensure that the UN-Habitat calendar of events was synchronized with Habitat III and the post-2015 development agenda. He would ensure that the expenditure related to Habitat III was well-controlled and, in the light of recommendations made by the United Nations Secretariat, the secretariat was exploring cost-effective innovative modalities for enhanced participation. Habitat III was likely to set the urban agenda for two decades to come. It was important not to allow the financial crisis to interfere unduly with the response to the challenge of urbanization. He stressed that UN-Habitat had a proven track record with regard to environmentally friendly efforts and disaster resilience. He noted that the draft resolution to be considered by the General Assembly in New York
made provision for a preparatory meeting in Nairobi in parallel with the Governing Council session to be held in 2015.

**Item 5**

**Quarterly report on the financial status of UN-Habitat**

21. Introducing the item, the Executive Director drew attention to the quarterly report on the financial status of UN-Habitat contained in document HSP/CPR/47/5 and a document entitled “UN-Habitat: financial update”. He said that the constrained financial situation was affecting many other United Nations entities and that the Secretary-General had given clear instructions that expenditure should be contained throughout the United Nations system. Despite diminishing resources, the productivity of UN-Habitat was increasing and very high standards had been maintained. The continuing financial difficulties were being monitored closely and a new phase of action was being developed to balance the situation, including continuing to increase productivity and efficiency, and broadening the project portfolio to raise overhead income. He noted that he would provide members with specific proposals on balancing the financial situation at the following meeting of the Committee. The resource mobilization strategy was being reviewed and strengthened on the basis of a thorough analysis of the situation, with the aim of increasing both earmarked and non-earmarked funding. There was a clear trend in favour of earmarked contributions. Distortions related to the current system of biennial programming would be eliminated with the introduction across the United Nations system of International Public Sector Accounting Standards, among others, and annual accounting as a consequence. He said that he would welcome comments by members at working group meetings in January 2013 on the resource mobilization strategy currently under development. In closing, he thanked Finland, the Russian Federation, South Africa, Sri Lanka and Sweden for their recently received contributions.

**Item 6**

**Progress report on the governance review process**

22. The co-chair of the open-ended consultative group on the governance review process presented the progress report on the governance review process as set out in document HSP/CPR/47/6 on behalf of the chair of the group.

23. In the ensuing discussion, a number of representatives thanked the co-chair for her statement and the Executive Director for his earlier comments related to the governance review process.

24. One representative thanked the Executive Director for agreeing to include the governance option presented by the African group alongside the options identified in the report of the consultant on the governance review. Another representative said that reform of the governance system should be a condition for the provision of financing to the UN-Habitat programme of work.

25. A number of representatives stressed the need to consider fully the implications of each of the options presented. One representative stressed the importance of considering the legal, political, financial and other implications of each of the possible options. It might be premature, therefore, for the Governing Council to take a decision on the governance review process in advance of Habitat III, she said. One representative favoured the option of an executive board with regional representation. It was necessary, she said, to update existing norms to comply with the new realities of programming and resource mobilization from new sources, and to increase transparency and accountability. The methodology to be used in the governance reform process should be clarified.

26. One representative welcomed the Executive Director’s assurance that the financial situation was under control.

27. One representative said that the governance review constituted an extremely important process that had begun at the twenty-third session of the Governing Council in 2011 and should be prioritized on the agenda of the twenty-fourth session of the Governing Council and thereafter in the General Assembly. Policy changes and reforms that had been implemented were promising, but were meaningless without adequate consideration of the underlying governance challenges and the insufficiency of the current system of biennial sessions of the Governing Council and quarterly meetings of the Committee. The need for governance reform was highlighted by financial reports that demonstrated that core funds constituted less than 13 per cent of total revenue. It was vital that efficiency, effectiveness, accountability and participation were tackled in order to encourage new and existing donors to support normative work. The governance options should be considered without delay to enable consensus to be reached on a realistic plan for governance reform.

28. Another representative said that the time was ripe for discussion of the governance of UN-Habitat and should not be delayed. The reform of the governance structure should be settled prior to
Habitat III in the interests of securing an optimal outcome to the Conference. A great deal of time and effort had been put into the governance review over a number of years and that work should not be discarded. A combination of elements of the different options proposed might be optimal. In the following months, the matter could be considered more fully, including the legal, financial and other implications of the options proposed, and recommendations elaborated for the consideration of the Governing Council at its following session.

29. One representative said that consideration of the governance reform process should not be limited to the options set out in the report of the consultant. A combination of elements from different options might be favourable.

30. A number of representatives cautioned against proceeding with governance reform with undue haste. One said that Habitat III represented an important opportunity to discuss human settlements and urban issues, including institutional arrangements. The UN-Habitat governance structure should be based on the mandate of the organization and the governance review process should not result in a weakening of the Nairobi office. Financial concerns were understandable, she said, but the benefits of a hybrid board or executive board were not clear. Increased fundraising efforts and the implementation of a robust resource mobilization strategy were crucial. While the roles of partners and non-State actors were important, especially in terms of implementation, their participation should take place without prejudice to the intergovernmental nature of UN-Habitat. She expressed her disappointment that the consultant had failed to take into account the work carried out by the four task force teams and had not described the financial, legal or political implications of the options as had been requested in the terms of reference for the consultancy.

31. Another representative said that he was sceptical about the need for governance reform and that the governance review process to date had been inconclusive in that regard. He noted that the original idea was not a reform of the governance structure but was focused more on management. The reform of management might be more useful, he suggested. He reiterated the importance of analysing the implications of the various options and considering whether a move to universal membership of the Governing Council would be useful or appropriate.

32. One representative expressed her appreciation for the leadership of the Executive Director and the efforts of the secretariat to ensure that the available funding was used to respond to the challenges of the programme of work. It was to be hoped that efforts to increase the efficiency of the organization within its financial means represented a demonstration of commitment to making the organization more effective that would encourage increased contributions to the programme of work.

33. One representative made a number of suggestions with regard to a possible governance structure for UN-Habitat, including that the Governing Council should meet more frequently than at present, on an annual basis at the very least, and that the current level of representativity should be maintained, including in terms of geographical distribution. The Governing Council should be in charge of the operational activities of the programme of work and a bureau, chaired by the Executive Director, could be constituted by the Governing Council for decision-making and could include a representative from each region. Following the example of the United Nations Economic and Social Council and the Human Rights Council, a commission could be established to focus on relevant issues, follow up and monitor the implementation of goals, and participate in the post-2015 process. A drafting group with geographically equitable representation of members could draft recommendations for submission to the commission in order to enhance effectiveness, including at the regional and local levels. Reports should be drafted in a coordinated manner to avoid duplication of effort and ensure effectiveness. The bureau of the Governing Council would consider reports to assist in decision-making. The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) provided a sound model in terms of contribution from the United Nations Regular Budget of 10 per cent, which would provide a certain degree of autonomy for programmes. Activities would be administered by the Governing Council and the bureau would submit a report to the Governing Council on draft decisions for its consideration. Voluntary contributions should be provided in a continuous manner by donors and countries, and the participation of groups of stakeholders should be provided for.

34. Responding to comments, the vice-chair of the open-ended consultative group said that suggestions made by the African group would be considered and could be included in the draft report. It was important for members to agree on the extent to which the financial implications of the various options should be included in the report and she invited specific comments in that regard. In terms of financing, the combined hybrid option was the most expensive and the managerial/incremental reform option the least expensive. The legal and political implications of each option were quite well reflected in the draft report, she suggested. She stressed that the secretariat did not favour one option over
another and members of the open-ended consultative group were committed to working together to reach consensus. It was important to clarify whether the report of the consultant provided a sound basis to continue consideration of governance reform. Such reform was not time-bound, but efforts should focus on forging consensus. She expressed her satisfaction with the process to date, noting that while much had been clarified in terms of technicalities, the substance, scope and timing of reform had yet to be decided upon.

35. The Executive Director said that the Governing Council had initially proposed a governance review with the intention of improving the efficiency and performance of UN-Habitat in the light of the management review required by the medium-term strategic and institutional plan. Since that time, a great deal had changed, including the onset of the global financial crisis and a change of mood in multilateral institutions. It was important to respond to the request of the Governing Council for a governance review and to consider the evolving situation. He said that the rules and regulations in force appeared to have an impact on the efficiency of UN-Habitat, but they were also affected by and linked to the governance structure.

36. He clarified further the financial situation of UN-Habitat, stressing that the shift towards earmarked funding was a system-wide trend that was affecting many other United Nations entities. He noted that the core budget was divided into three different sources of income, namely the United Nations Regular Budget, voluntary contributions and portfolio overheads, which should be taken into account in striving for increased efficiency and relevance.

Item 7

37. Introducing the item, the representative of the Russian Federation, speaking on behalf of the rapporteur of the working group on the proposed work programme and budget for 2014–2015, drew attention to the report of the Executive Director set out in a document entitled “Proposed work programme and budget for the biennium 2014–2015”. He provided an overview of discussions at the four meetings of the working group, stressing that the proposed work programme and budget had been the subject of intense scrutiny. The secretariat had provided clarifications as requested and had amended the document as recommended after each of the meetings. Further amendments could be undertaken at the twenty-fourth session of the Governing Council or submitted to the Committee on Programme and Coordination in New York. In closing, he thanked the members of the working group for their diligence and commitment to the document review.

38. The Chair noted that the proposed work programme and budget for the biennium 2014–2015 would be submitted to the Programme Planning and Budget Division and to the Advisory Committee on Administrative and Budgetary Questions in New York, and to the Governing Council for its consideration at its twenty-fourth session.

Item 8
Adoption of the work schedule of the Committee of Permanent Representatives for 2013

39. The Committee adopted the draft work schedule of the Committee of Permanent Representatives for the year 2013 as set out in document HSP/CPR/47/3.

Item 9
Any other matters

40. The Chair said that regional groups with vacant positions on the Bureau of the Governing Council were encouraged to take steps to fill those vacancies.

Closure of the meeting

41. The meeting rose at 12.45 p.m.