The New Urban Agenda and the Way Forward for UN-Habitat

June 2016

Summary

- Half of humanity now lives in cities and urbanization is accelerating.
- The increasing complexity of exponential urbanization requires an integrated agenda, grounded in national urban policies and driven by good urban planning and design, legislation and a strong urban economy with municipal financing.
- UN Habitat brings unmatched expertise to the New Urban Agenda drawn from the strong normative and coordination role and demonstrable results in an expanded technical cooperation portfolio at regional, national and local levels.
- Re-affirming UN Habitat as the lead technical and specialized UN Programme in the implementation of the New Urban Agenda will ensure strong UN system and multi-stakeholder coordination, up-scaled impact of sustainable urban development initiatives and strong normative advances.
- The business transformation of UN-habitat is required to make the programme fit for purpose.
- UN-Habitat needs its policies and procedures to benefit from best practices of other UN agencies working at country level.
- The current business model, based on procedures developed for UN-HQ based activities, is not adequate for field operations.
- As UN-Habitat’s operations are largely field-based, the efficiency of the programme can be substantially increased by applying field procedures, as is the case of other UN agencies, funds and programmes.

A. Urbanization – A Turning Point for Humanity

1. Most people now live in cities. Exponential urbanization is one of the great challenges facing humankind today. The steady drift into cities of the past 150 years has become a rush, as people seek jobs, education, and better healthcare. There have been around 1.6 billion new urban dwellers since Habitat II in 1996, and by 2050 the number of “city-zens” will double from 3.5 billion to 7 billion people, with most growth in Asia and Africa, where governments are often least prepared to handle rapid growth.
2. Cities are powerhouses of economic growth. Around 70 per cent of global GDP is produced in urban areas. However while urbanization has delivered on the promise of economic growth through economies of scale and mass markets, it is failing to keep pace with the social promise that draws people to cities in the first place, which is a better quality of life.

3. Although cities cover less than 2 per cent of the world’s surface, they consume 78 per cent of the world’s energy and produce more than half of all green-house gases and other emissions. If solutions to climate change are to be found, and if the quality of human life is to be improved in an overwhelmingly urbanized world, those sustainable development solutions will be found in cities, with global challenges being addressed ultimately at the local level.

4. The increasing global challenges – including natural disasters, growing youth unemployment, and dramatic political changes – have created the conditions for compound crises, resulting among other things in increased international migration.

5. Amidst such complexity is the diminishing role of urban planning in national priorities as well as limited capacity of governments, especially in developing countries to effectively plan their cities and human settlements. A more coherent, strategic and integrated universal agenda on sustainable urban development is needed to ensure social, economic and environmental sustainability of cities and human settlements.

6. Data shows that there is an increased footprint of urbanization, with increased use of land, diminished density, which combined generates increased cost per capita of urbanization and decreased productivity. Likewise, urbanization is consuming 78% of the world’s energy. This percentage is increasing.

7. Urban planning and design and urban regulations are weakening systematically with increased risks for the population, continued increase of slum population and challenging threats to wealth generation.

8. A change of overall pattern of urbanization is needed in order to stop the deteriorating tendencies and to recover the path towards a sustainable urbanization in all three areas of sustainability; social, economic and environmental.

B. UN-Habitat today

9. UN-Habitat is a specialized UN programme with a mandate to lead sustainable urbanization and human settlements work within the UN System. It operates as a hybrid UN agency, combining its normative, coordination and technical cooperation work in development, transition and humanitarian contexts.

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¹ CEB/2016/HLCP-31/CRP.1, para. 5.
10. UN-Habitat is developing a strong programme to address, when requested, the most common challenges of poor urbanization, e.g. weak planning, insufficient governance and legal frameworks, inadequate capacity of local authorities to finance, operate and deliver basic services, as well as weak coordination mechanisms of different levels of governments. UN-Habitat advocates for more inclusive, integrated and sustainable urban development, promoting a pattern of urban growth that can impact more positively on wealth and livelihoods generation, as well as poverty reduction.

11. UN-Habitat has gone through substantive reform and reorganization over the past five years, cutting costs even while increasing its portfolio output by providing services to member states and cities. It continues to boost its efficiency, even as it increases its research and multiplies and leverages expert partnerships in order to be “fit-for-purpose” for the challenge of exponential urbanization in the 21st century.

12. Up-scaling of the good results and the ability to effectively respond to the increasing global complexities requires a strengthened, re-invigorated and well-resourced UN-Habitat.

C. The Work of UN-Habitat

13. As the UN agency dedicated entirely to sustainable urban development, the mandate of UN-Habitat is directly connected to critical areas of the 2030 Agenda: people, through our technical cooperation and engagement at local level; planet, through the recognition that with cities accounting for an increasing share of greenhouse gas emissions, urbanization is both a driver and a solution to climate change; prosperity, through our efforts to leverage urbanization as a pathway to wealth creation, poverty reduction, and equity; peace, through the increasing recognition that urbanization is inextricably linked to global security, particularly in the context of the growing number of humanitarian crises affecting urban areas, including migration; and partnership, through leveraged partnerships in which we are leading or participating.

14. The increasing complexity and capacity challenges of exponential urbanization require a more coherent, strategic and integrated universal agenda on sustainable urban development. This is presented in the main global frameworks: the Rio + 20 declaration which recognized that well-planned and developed cities are central to sustainable development; Sustainable Development Goal 11 which aims to “make cities and human settlements inclusive, safe, resilient and sustainable”; and other SDGs, including up to 40 out of 169 SDG targets. The outcome of Habitat III is the next step in this progressive recognition of urbanization as central to sustainable development.

15. UN-Habitat has globally pioneered the “three-pronged” integrated approach to sustainable urbanization: urban planning and design, legislation and governance, and urban economy and municipal finance. This approach is emerging as a driver for transformative change in sustainable urbanization.

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2 Rio Outcome Document, para. 134
C.1 Global work

16. At the global level, UN-Habitat has taken a lead role in coordinating UN inputs on urbanization to the Sustainable Development Goals, including development of targets and indicators for Goal 11. As part of the work of the Inter-Agency Expert Group tasked to develop an indicator framework for Agenda 2030, UN-Habitat has been designated as custodian agency for 8 indicators for Goal 11, and as a supporting agency in another 5 indicators for the same Goal. UN-Habitat was also designated as custodian agency for indicator 1.4.2 on security of tenure along with the World Bank for Goal 1. To support this work, UN-Habitat has developed innovative diagnostic and strategic planning tools that have proven invaluable in supporting local authorities and national governments in profiling their localities or countries, identifying solutions and reviewing progress on sustainable urban development. These include: the Cities Prosperity Initiative; the Cities Resilience Profiling Programme and land governance tools developed by the Global Land Tool Network.

17. To address urban dimensions of climate change, UN-Habitat, among other activities, launched the Cities and Climate Change Initiative (CCCI) in 2008, which has successfully developed a suite of tools to support city leaders and practitioners in addressing the impact of climate change (adaptation) and to help to reduce greenhouse gas emissions (mitigation).

18. To build on its global work on resilience of cities and human settlements, UN-Habitat with 64 other partners recently launched the Global Alliance for Urban Crises, an innovative partnership that effectively links humanitarian response with development to better prevent, prepare for and respond to urban crises associated with conflict, displacement and climate change.

19. The World Urban Forum (WUF), which hosted 22,000 participants in 2014, is mandated by General Assembly Resolution 56/206, as the foremost global arena for debate and interaction among policy makers, local government leaders, non-governmental stakeholders, experts and practitioners on urban development and human settlements issues.

C.2 The Habitat III process

20. UN-Habitat has also played a key role in preparations for Habitat III, contributing to the UN Task Team for Habitat III. It also provided technical support to several policy units (co-leading on policy unit 3); and leadership of UN and other stakeholders in developing 19 out of 22 issue papers as inputs to the New Urban Agenda. UN-Habitat has launched the World Cities Report 2016, which illustrates the global status of urbanization and offers a framework for sustainable urban development in the coming decades.

21. UN-Habitat also led the preparation of the UN System Chief Executives Board paper on Urbanization and Sustainable Development and the Joint Statement to the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) adopted by the CEB in its session in April.

22. Through the World Urban Campaign (WUC), UN-Habitat has facilitated participation of a wide range of constituencies in the Habitat III process through a partnership platform, comprising 136 partners including civil society organizations, local authorities, the private sector, the research community, trade
unions, parliamentarians, professional organizations, youth and women’s groups, in order to achieve sustainable urban development. The Campaign led to a common position by partners on “The City We Need” and launched the General Assembly of Partners. At the seventieth session of the General Assembly (15 December 2015), Member States expressed their appreciation to UN-Habitat for improving stakeholder engagement.

C.3 Work at the regional and local levels

23. UN-Habitat has provided broad coordination and specialized technical cooperation at regional, national and local levels. Through the UN Development Assistance Frameworks (UNDAFs), UN-Habitat is delivering technical and advisory services to 80 countries of which 44 (55 per cent) are LDCs, 35 (44 per cent) are MICs and one (1 per cent) is HIC. The agency has five regional and three liaison offices and a presence in 17 least developed countries.

24. UN-Habitat has significantly expanded its technical cooperation activities over the years, currently earning up to USD$ 12.9 million in overhead income in 2015, with a total annual portfolio of $200 million. A member of the Inter-Agency Standing Committee, UN-Habitat has worked in 35 of 47 fragile states, with programmes ongoing in Afghanistan, Bangladesh, the Democratic Republic of the Congo, Iraq and Somalia. Client cities attest that UN-Habitat provides better value for money than consultant services, with greater staying power.

25. As illustrated in Annex 1 (Bi-Annual Programme Activity Report, 2014/2015) UN-Habitat has achieved transformational results in sustainable urban development, ranging from normative to direct transformative impact on people’s lives. For example:

- **Housing at the Centre:** Through Resolution 24/9 of April 2013, the Governing Council approved a Global Housing Strategy, which seeks to integrate the issue of housing with other urban uses, promoting system-wide reforms to enable wider access to adequate housing solutions, and strengthening linkages between housing, the economy, employment and poverty reduction, among other things.
- **The Participatory Slum Upgrading and Prevention Programme** has supported development and approval of national urban policy frameworks in 35 countries; transformed the lives of close to 800,000 slum dwellers who now have security of tenure in 9 countries; ensured that 67,000 slum households have access to water and sanitation, better housing, roads, access to public spaces, and safer and resilient neighbourhoods.
- **The Urban Planning and Design Lab** was established to promptly respond to the requests of national and local governments with concrete and implementable planning proposals developed through engagement with stakeholders. The Lab is currently working on concrete generational projects that bring international expertise to more than 20 countries and 40 cities across the world. Among these are Ghana, Johannesburg, Palestine, Philippines, Myanmar, Haiti and Mexico.
- **Urban Economy and Municipal Finance:** An integrated approach linking economic development with spatial and institutional strategies and capacity building. Country initiatives have led to improved livelihoods for up to 90,000 people in vulnerable urban communities.
(Somalia), increase of county government revenue by 60 per cent (Kiambu, Kenya); and empowerment of women and youth in DRC and Palestine.

- Through its **Urban Basic Services Trust Fund**, UN-Habitat has improved the well-being of up to 5 million people through improved access to safe drinking water, sanitation coverage, energy and support to IDPs.

- **Urban Legislation, Land and Governance**: UN-Habitat has successfully coordinated the Global Land Tool Network (GLTN); developed unified land Acts, replacing 60 laws and regulations and peacefully addressing land disputes in Nepal; resettled over 600 returnee households with certificates of residency in DRC; helped resolve 90 per cent of documented land disputes in South Kivu, DRC; while in Iraq 2.5 million IDPs and informal settlement residents are now better able to access affordable housing, secure land tenure and basic services.

- **Risk Reduction, Resilience & Rehabilitation**: Emergency coordination support to 9 countries experiencing humanitarian crises has reached over 500,000 people; the resilience of 33 cities in 12 countries has been strengthened through the City Resilience Profiling Programme and the establishment of the Global Alliance for Urban Crises, bringing together 30 partners, including UN agencies, Civil Society Organizations, professional networks and governments enhance focus on humanitarian relief and reconstruction in urban areas.

- **Cutting edge research and capacity development work**: A City Prosperity Initiative, now implemented in 300 cities, enables cities to undertake diagnostic, participatory planning. UN-Habitat has established the Global Urban Observatory, supporting national statistical offices in 39 countries, and the Global Urban Lecture series, which has reached over 50,000 viewers and is voted the world’s second-best Massive Open Online Courses on Cities (MOOC).

**D. Increasing the efficiency of UN-Habitat**

26. Since 2011, UN-Habitat has undertaken major institutional reforms to ensure that it is fit for purpose. It has become highly cost effective even as its programme portfolio has expanded, demonstrating significantly higher efficiency and productivity.

**E. Strengthening UN-Habitat’s support to Member States**

**E.2 Strengthening the mandate:**

27. The challenges confronting urban growth continue to rise in complexity and number. Given the world economy, and the associated financial constraints imposed on UN-Habitat, the Programme has been doing “more with less” in the past decade. Effective implementation of the New Urban Agenda will require a strong focal agency that demonstrates a clear mandate, experienced technical leadership, and a demonstrated impact on countries and local communities. Strengthening UN Habitat’s mandate would require the following:

- **Normative Mandate**: re-affirming UN-Habitat’s universal substantive leadership in the NUA, under the aegis of the High-Level Political Forum at the global level and the UN Development
Group at regional and country levels, and in the follow up and review of implementation of the NUA through its governing body. Investing in global research, promoting knowledge exchange, monitoring and reporting on progress and adopting proven diagnostic and planning instruments, such as the Cities Prosperity Initiative, Cities Resilience Profiling Initiative – which are relevant to LDCs, MICs and Developed countries.

- **Operational Mandate:** acknowledging the increasing demand from countries for UN-Habitat’s specialized expertise in sustainable urban development, and establishing institutional mechanisms that support more efficient delivery of technical cooperation services in field operations. UN-Habitat requires strengthened capacity to expand and implement programmes at regional and country levels covering the core areas of the NUA and promoting the linkages between humanitarian response and development.

- **Leadership and coordination:**
  - Re-affirming that UN-Habitat has the central role in monitoring, within the UN System, the implementation of the NUA and reporting to the GA or ECOSOC.
  - Re-affirming UN-Habitat’s central role in facilitating UN System-wide engagement with global and regional issue-based coalitions and multi-stakeholder platforms, such as: World Urban Campaign and its Global Assembly of Partners; Global Alliance for Urban Crises; Medellin collaboration on Urban Resilience; Global Land Tool Network, World Urban Forum, Urban Planning and Design Lab, CCCI, UEMI, etc.
  - Inviting relevant UN organizations, specialized agencies, UN funds and programmes, Regional Commissions and Bretton Woods Institutions to identify specific actions they will undertake within their mandates towards implementation of, and follow up to, the NUA, and informing the CEB or GA.
  - Re-affirming UN-Habitat’s role in facilitating and supporting effective Local Government engagement with the UN System and promoting the role of local and sub-national governments in implementation and monitoring of urban aspects of the SDGs and the NUA through the United Nations Advisory Committee on Local Authorities (UNACLA).

E.2 **Up-Scaling UN Habitat’s Technical Cooperation:**

28. UN-Habitat will seek to establish mechanisms that promote up-scaling of good practices and predictable financing for implementation of the NUA by member states and partners. This will include:

- **Transformative Global, Regional and Country Flagship Programmes** up-scaled to reach up to 2 billion people.
- **Innovative Resource Mobilization facilities** that can support coherent, collaborative funding and technical support to governments, local authorities, and civil society partners in the implementation of the Sustainable Development Goals and the New Urban Agenda.
- **Business transformation** to facilitate a highly efficient and responsive system of field operations.
F. Case for a New Business model for UN-Habitat – Background and mandate

29. In 2001, the General Assembly Resolution 56/206 transformed the United Nations Center for Human Settlements (Habitat) into the secretariat of the United Nations Human Settlement Programme (UN-Habitat), with a mandate to coordinate human settlement activities within the United Nations system. Furthermore, UN-Habitat was established with a hybrid mandate, normative and operational.

30. The normative mandate enables UN-Habitat to set standards, propose norms and principles, share good practices, monitor global progress, and support inter-governmental, regional, national and sub-national bodies in their formulation of policies related to sustainable cities and human settlements.

31. The Operational work of UN-Habitat draws on its unique expertise in the area of sustainable urbanization. UN-Habitat uses its highly specialized technical cooperation component to execute human settlement projects in order to provide high value-added and tailored support to Member States in implementing policies, strategies, best-practices, norms and standards.

G. Growth of the technical cooperation portfolio

32. Over the past fifteen years, UN-Habitat has recorded a growth in country level activities in response to Member States and donors’ demand. In this regard, by 31st March 2015, the agency had an active portfolio of USD 266.7 million and more than 200 projects located in different regions of the world. In the agency budget for the 2016-2017 biennium (USD 392 million) about 83% of is for technical cooperation work. It is also worth noting that by 31st December 2015, the cumulative value of agreements of cooperation (AoCs), a modality used by the agency to hire partners and implement projects in the field was USD 762 million for a total of 704 AoCs.
33. UN-Habitat has a financial model based on three sources of income: the UN Regular Budget, Voluntary Contributions through the UN-Habitat Foundation (both earmarked and non-earmarked), and Technical Cooperation. In the last years, following the financial crisis of 2008, the programme has seen a reduction of Regular Budget in constant dollar terms; a gradual reduction in the non-earmarked voluntary contributions to the UN-Habitat Foundation and a positive evolution of voluntary funding for Technical Cooperation, which attest to the healthy demand for the agency’s expertise and support.

34. UN-Habitat believes that the demand for its specialized technical cooperation support will continue to grow, driven by (i) the rapid growth of urbanization worldwide, with more than half the world’s population is living in urban areas, a figure expected to increase to 59% by 2030; (ii) the adoption of the New Urban Agenda (NUA) in 2016, as the outcome of the Habitat III Conference, and the expectation of continuing the mandate to coordinate human settlement activities, especially the implementation of the NUA and urban related SDGs as part of the 2030 Agenda for Sustainable Development; and (iii) the response to the outcome of the Paris COP-21 Summit and its link to sustainable urbanization.
H. Challenges in delivering technical cooperation work and rationale for a new business model

35. Based on the observed steady growth in demand for UN-Habitat services from countries and donors and in light of the expected role of the programme in coordinating the response to global strategic processes and frameworks, UN-Habitat will need to respond to requests for support in a much more flexible, dynamic, efficient and innovative manner, notably the growing demands from a number of middle income countries (e.g. countries in Latin America and the Caribbean) which are contracting directly UN-Habitat for its expertise and knowledge. The need for more effective and swift business processes to handle UN-Habitat technical cooperation portfolio is also compounded by the fact that more than 60% of UN-Habitat 200 projects have a lifetime of less than two years.

36. UN-Habitat is one of the three entities in the Secretariat that implement development programmes (alongside UNEP and UNODC), and is bound by Secretariat procedures. In this regard, a fundamental dichotomy currently exists between the increasing activities of UN-Habitat at country level and the UN Secretariat policies and procedures, which are not coping well with the dynamic, ever changing country needs. Recent assessments have observed major inefficiencies in programme implementation, due to the lack of policies and procedures across all areas of business designed for voluntary funded, field focused development operations, especially in (i) procurement, (ii) recruitment (staff and consultant); (iii) agreements of cooperation; and (iv) budget and financial management that have been designed to support voluntary funded, field focused development operations.

37. **Procurement challenges**: UN-Habitat’s regional offices have had their delegation of authority cut to USD 40,000. UNICEF delegates authority for procurement to country managers up to the total budget levels for the respective country. UNDP delegates authority to regional offices up to USD 3-5 million.

38. With the current procedures, it takes a minimum of 90 days to complete a procurement process, and normally much longer, which results in costly delays in the delivery of technical cooperation work. Between July and December 2015, the UN-Habitat procurement portfolio totaled more than USD 36 million.

39. **Recruitment challenges**:

   a. **Staff**: UN-Habitat’s recruitment of international staff under the Secretariat needs a minimum of 13 steps and on average takes 8-9 months to complete, which can be seen negatively by development partners and donors in the case of a one or two year development project. UNDP, for example, can normally recruit an international staff member in 3-4 months. On advertising of posts, UNDP requires an open period of two weeks on its website for international staff recruitments. **Inspira**, the Secretariat’s HR system, **requires two months advertising**. Moreover, UN-Habitat lacks

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3 Business model: a design with means and methods for successful operation of a business or initiative.  
Business process: collection of linked tasks which find their end in the delivery of a service or product to a client.  
Business transformation: making fundamental changes in how business is conducted in order to help cope with a shift in environment.
procedures and contract types suited for project personnel, as the Secretariat abolished the 200 series of contracts, which were designed for technical cooperation and positions requiring recruitment for a few months, up to 2-4 years.

b. **Consultants**: Recruitments of consultants through the Secretariat require a minimum of 11 steps and takes at least one whole month, when UNOPS can hire a consultant in a week or less.

40. The often slow and heavy recruitment procedures of the UN Secretariat create additional financial and opportunity costs, or require alternative means to move forward. **UN-Habitat is currently paying UNOPS and UNDP on average between 5% and 8% of the value of each transaction** for the use of speedy procedures in spite of the Secretariat having already been paid through regular and supplemental common budget to provide common services. **Between January and June 2016, 288 transactions (mainly consultants and individual contractors) were processed through UNOPS for total value of USD 4.1 million.** Transactions processed through UNDP relate mainly to project personnel and procurement of goods and services.

41. **Agreement of Cooperation challenges**: UN-Habitat uses agreements of cooperation to hire partners and deliver its technical cooperation work. **Delays in payment to partners, which can take eight weeks, have been observed. It takes a minimum of 13 steps to make a payment in UMOJA.** This result in considerable inefficiencies in the execution of projects, as some implementing partners do sometimes suspend a whole project, lay off staff and rehire them again once funds are available.

42. **Finance and budget management challenges**: No flexibility in the use of the regular budget resources, given that the staffing table is “cast in stone” for a whole biennium. This is not compatible with the adaptability required to move resources where they are most needed and respond to the imperatives of efficiently and effectively implementing technical cooperation activities. The lack of flexibility is also felt with the full segregation of resources by sources and types of funds (Regular Budget versus Foundation; earmarked versus non-earmarked).

43. **Payments of any kind are subjected to a protracted bureaucracy. They are initiated by UN-Habitat, and then go to UNON, (as the Secretariat), which submits transaction documents to UN-HQ for disbursement.** It is very difficult to track the status of payments and a transaction can be delayed at any stage.\(^4\) The consequence of this heavy bureaucracy is that to maintain its credibility, UN-Habitat needs to have staff permanently monitoring payments through constant contact with suppliers to find out how much money they have received.

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\(^4\) Case in point: UN-Habitat recently initiated a payment to UNOPS for USD 728,000. When the transaction reached UNON, an unsubstantiated decision was made to pay only USD 610,000. When the process reached UN-HQ, another unsubstantiated decision was made to disburse only USD 500,910.
Table 1: Summary of challenges due to use of procedures designed for UN-HQ based activities

<table>
<thead>
<tr>
<th>Critical business processes</th>
<th>Challenges faced by UN-Habitat due to use of procedures designed for UN-HQ based activities</th>
<th>What UN-Habitat needs for efficient delivery of field projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>✤ Delegation of authority (DoA) for regional offices limited to USD 40,000</td>
<td>✤ Increased DoA (regional offices: USD 1 million)</td>
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<tr>
<td></td>
<td>✤ Minimum of 3 months to complete a procurement process</td>
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<tr>
<td>Staffing</td>
<td>✤ 8-9 months to recruit international staff, using a minimum of 13 steps</td>
<td>✤ Recruit international staff within 3-4 months</td>
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<td></td>
<td>✤ 2 months to advertise a post</td>
<td>✤ Diversified types of contracts especially for project personnel</td>
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<td></td>
<td>✤ UNOPS and UNDP are paid 5 to 8% for every transaction to provide access to fastest procedures, while UNON is already paid to provide same services</td>
<td>✤ Shorter period to advertise posts</td>
</tr>
<tr>
<td>Consultant</td>
<td>✤ Minimum 11 steps and at least one whole AVERAGE month to recruit a consultant using Secretariat procedures</td>
<td>✤ recruit and have consultants in the field as fast as possible. HOW QUICK?</td>
</tr>
<tr>
<td>Agreement of cooperation</td>
<td>✤ Delays of up to 8 weeks to pay implementing partners; result in suspension of projects</td>
<td>✤ Faster mechanisms to process payments.</td>
</tr>
<tr>
<td></td>
<td>✤ At least 13 steps in UMOJA to pay implementing partners</td>
<td>✤ Payment within 3 working days of request</td>
</tr>
<tr>
<td>Budget and financial management</td>
<td>✤ Staffing table “cast in stone” for 2 years; result in lack of flexibility in moving Regular Budget resources where most needed</td>
<td>✤ Integrated budget</td>
</tr>
<tr>
<td></td>
<td>✤ Long bureaucracy to make any type of payment: UN-Habitat =&gt; UNON =&gt; UN-HQ</td>
<td>✤ Increased accountability</td>
</tr>
</tbody>
</table>

I. Way forward

44. A business transformation of UN-Habitat is required in order to achieve viability and to make the programme fit for purpose. As evidenced and argued in this paper, the current business model (as derived from UN-Habitat’s structure) is not adequate for field operations, as it depends on procedures developed for UN-HQ based activities. Nor is it suitable for the hybrid operation linking normative work of UN-Habitat with its work in the field on technical cooperation. Its business processes are not sufficiently effective or cost efficient in any of the major areas of work UN-Habitat is expected to engage in, and
result in a loss of work to competitors. UN Habitat needs revised policies and procedures, particularly those used for its technical cooperation work, benefitting from the experience gained around the best practices of the other UN entities working at country level.

45. The Habitat III Conference, taking place in October 2016, provides an opportunity to undertake a review of the progress and future work of UN-Habitat, vis-à-vis the requirements and expectations of Member States. The business model of UN-Habitat should be built around these requirements. Depending on the depth and breadth of the changes involved, the new business model could require different governance and accountability structures for the agency, which the Governing Council would have to decide on, as this is solely the prerogative of Member States,

46. UN-Habitat’s expectations from a successful business transformation process are summed up in table 2 below:

**Table 2: UN-Habitat’s expectations from a successful business transformation**

<table>
<thead>
<tr>
<th>Transform from:</th>
<th>To:</th>
</tr>
</thead>
<tbody>
<tr>
<td>High costs, slow business processes</td>
<td>Low costs, high speed business processes</td>
</tr>
<tr>
<td>Procedures designed for Regular Budget activities (mainly normative) in HQ</td>
<td>Procedures designed to service Member States and clients with efficiency and effectiveness, and for projects of all size</td>
</tr>
<tr>
<td>Slow deployment of capacity</td>
<td>Speedy and flexible recruitment practices, to allow for a rapid deployment of capacity in the field, including a human resources mechanism for projects</td>
</tr>
<tr>
<td>Slow procurement procedures</td>
<td>Agility in procurement and increasing authority to procure similar to that of other UN entities working at country level</td>
</tr>
<tr>
<td>Delays in payment and duplication of costs</td>
<td>Financial and budget management mechanisms that provide full accountability and prevent unnecessary delays and duplication of costs</td>
</tr>
<tr>
<td>Segregated resources</td>
<td>Fully integrated budget</td>
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<td></td>
<td>Multi-Partner Trust Fund (MPTF) to support implementation of New Urban Agenda.</td>
</tr>
</tbody>
</table>
J. Projection for a full implementation of the UN-Habitat Strategic Plan 2014-2019

47. In achieving the reform expressed in this paper, we envisage a growth of the activities of UN-Habitat with the priorities established in the Strategic Plan 2014-2019, as follows:

Projected Project Portfolio by Theme for a USD 1 Billion Organization (in USD million)

48. UN-Habitat would use a number of programming vehicles, based on current mandate and responsibilities, and also in responding to emerging initiatives.

49. GLOBAL initiatives would allow UN-Habitat to go to scale on integrated approaches to urbanization, led by initiatives such as the future Integrated Sustainable Urban Development Programme and Slum Upgrading Programme, and the Global Land Management Programme. These would largely be derived from existing pilot and phase 1 initiatives.

50. REGIONAL and COUNTRY level programming would be supported on the basis of requirement, with a target of supporting all LDCs if required, and up to 40 Middle Income Countries.

51. UN-Habitat would strengthen its programmatic support to local authorities, and continue its strong COMMUNITY based approaches. It would also continue to provide support in disaster and post disaster situations, with a particular view of applying New Urban Agenda Approaches in such cases to allow for rapid recovery and a return to development.
52. UN-Habitat would develop new GLOBAL programmes, based on emerging priorities and issues, particularly Climate Change, Youth, Resilience, and Migration.

53. All programmes would be developed on the basis of the broader agenda of sustainable urbanisation and human settlements, with strong linkages between urban and rural areas.

**Table 3: Projection for Technical Cooperation (illustrative)**

<table>
<thead>
<tr>
<th>Global Integrated Programmes</th>
<th>Projected Worth in USD million</th>
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</thead>
<tbody>
<tr>
<td>Urban Resilience Programme (City Resilience Profiling Programme)</td>
<td>USD 75</td>
</tr>
<tr>
<td>Cities and Climate Change Initiative (CCCI)</td>
<td>USD 100</td>
</tr>
<tr>
<td>Integrated Sustainable Development Programme</td>
<td>USD 200</td>
</tr>
<tr>
<td>Land Management Programme</td>
<td>USD 100</td>
</tr>
<tr>
<td>Slum upgrading programme</td>
<td>USD 50</td>
</tr>
<tr>
<td>Support to LDCs in NUA</td>
<td>USD 100</td>
</tr>
<tr>
<td>Support to middle income countries in NUA</td>
<td>USD 50</td>
</tr>
<tr>
<td>Disaster and Post Disaster</td>
<td>USD 75</td>
</tr>
<tr>
<td>Urban Youth</td>
<td>USD 50</td>
</tr>
<tr>
<td>Migration</td>
<td>USD 50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>USD 850</strong></td>
</tr>
</tbody>
</table>

**Table 4: Projection for core capacity** (illustrative annual requirements)

<table>
<thead>
<tr>
<th>Main Core Budget Items</th>
<th>Projected Budget in USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>USD 20</td>
</tr>
<tr>
<td>Normative work (research, publications, pilots, capacity building,...)</td>
<td>USD 50</td>
</tr>
<tr>
<td>Cross-cutting initiatives</td>
<td>USD 10</td>
</tr>
<tr>
<td>Centers of excellence</td>
<td>USD 15</td>
</tr>
<tr>
<td>RBM (planning, monitoring and evaluation, including capacity building)</td>
<td>USD 5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>USD 100</strong></td>
</tr>
</tbody>
</table>
**Table 5: Projection for Regular Budget** (illustrative annual requirements)

<table>
<thead>
<tr>
<th>Main RB Items</th>
<th>Projected Budget in USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>USD 10</td>
</tr>
<tr>
<td>Normative work (research, publications, pilots,… )</td>
<td>USD 30</td>
</tr>
<tr>
<td>Support to Member States in monitoring SDGs and NUA (Global Urban Observatory, statistics, monitoring)</td>
<td>USD 10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>USD 50</strong></td>
</tr>
</tbody>
</table>