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Introduction
1. The present progress report on cooperation between the United Nations Human Settlements Programme (UN-Habitat) and the United Nations Environment Programme (UNEP) has been prepared jointly by the executive directors of the two agencies in accordance with General Assembly resolution 40/199 of 17 December 1985, UN-Habitat Commission resolution 10/3 of 16 April 1987 and UNEP Governing Council decisions 14/3 of 18 June 1987 and 22/2 of 7 February 2003. Comprising four main chapters, the report highlights cooperation as follows: chapter I summarizes key developments in cooperation between the two agencies; chapter II looks at cooperation in the areas of assessment, policy development and implementation; chapter III describes cooperation that has taken place in the regions; and chapter IV presents future opportunities for cooperation.

I. Cooperation between UNEP and UN-Habitat
2. Urban environmental issues are increasingly important for both UN-Habitat and UNEP. UN-Habitat is recognizing the importance of the state of the local environment for the social and economic development of cities, especially where it concerns the urban poor. Issues such as water, sanitation, waste and transport are of key interest to UN-Habitat. It is also recognized that human settlements worldwide have a critical and increasing impact on environmental issues at both the national and global levels, and UNEP is closely involved in this aspect.
3. In the light of the current worldwide process of urbanization, UNEP is increasingly involved in urban environment issues. With half of the world’s population living in human settlements, the environmental impacts of cities go beyond the impact on the health of residents and cities play a key role in addressing environmental issues at the national, regional and global level. The urban dimension of key UNEP areas of activity such as climate change, water, energy, biodiversity, chemicals, wastes, transboundary air and river pollution, and pollution of coastal areas, is becoming more important.
4. During the reporting period 2003–2004, UNEP and UN-Habitat have increased their cooperation further. Existing joint programmes and activities have been strengthened while new joint activities and programmes have been developed. Joint activities have been implemented at the regional level with support from the regional offices of both agencies (see chapter III of the present report). A joint operation and coordination group has been established to provide an institutional mechanism between the two agencies, with a regular monthly meeting routine, to help promote and coordinate joint activities and programmes, especially of the Sustainable Cities Programme. Furthermore, at the Sustainable Cities Programme global level, a partners strategic advisory committee programme has been established. Its main purpose is to provide a mechanism for donors, UN-Habitat and UNEP, international urban support institutions or programmes, other United Nations agencies and city or national representatives to meet, discuss, give forward-looking strategic guidance and broad policy advice, and to help identify and catalyse resources. It aims at meeting annually and has met twice to date: in Alexandria in 2003 and in Barcelona in 2004.

5. During the biennium, UN-Habitat and UNEP both worked concurrently on mobilizing funding for urban environment activities and both were simultaneously successful in concluding new long-term funding arrangements, especially with the Governments of the Netherlands and Belgium. UNEP has increased its human and financial resources to work on urban environment issues, including increased cooperation with UN-Habitat. Within UNEP, several staff members have been assigned and recruited to work, full-time or part time, on urban environment issues. In the urban environment section of UN-Habitat, new staff members have also been recruited and assigned to work in areas of environmental management. In addition, UNEP, UN-Habitat and the Government of the Netherlands have jointly facilitated one staff member to work, in particular, on strengthening cooperation within the Sustainable Cities Programme. Urban environment is one of the five sectors supported in the strategic partnership programme that UNEP signed with the Government of the Netherlands, which enabled UNEP to increase its financial resources to work on urban environment issues. This has resulted in the development and implementation of more joint UNEP/UN-Habitat activities. In particular, UN-Habitat mobilized joint UN-Habitat/UNEP resources for a new five-year phase (2003–2007) of the Sustainable Cities Programmes, and for a new four-year phase (2004–2007) of the Localising Agenda 21 Programme.

6. UN-Habitat and UNEP have coordinated their approaches and involvement at United Nations and non-United Nations forums, including the World Summit on Sustainable Development, the twelfth session of the Commission on Sustainable Development, the second session of the World Urban Forum and the Cities Alliance.

II. Joint activities

A. Assessment

7. The joint UN-Habitat/UNEP Sustainable Cities Programme has supported the development of environmental profiles in cities participating in the programme. Profiles involve a broad range of local stakeholders and provide information not only on the state of the physical environment but also on its implications for social and economic development and on existing environmental management arrangements. Most recently, such environmental assessments have been concluded in Bobo Dioulasso (Burkina Faso); Kisumu (Kenya); Maharashtra State (2) (India); Central Provincial Council (2) (Sri Lanka); Marrakech, Agadir and Meknes (Morocco); Pskov (Russia); and St. Louis (Senegal). A number of long-time Sustainable Cities Programme participating cities have been supported in developing environmental management information systems during the reporting period.

8. UNEP and UN-Habitat have been supporting the Global Environment Outlook (GEO) process, and are now planning the development of GEO projects at city level that analyse the state of the local environment and the impacts of cities. The GEO approach, as developed by the UNEP Division of Early Warning and Assessment and used for the development of the UNEP GEO publication and environmental assessment information in general, is used increasingly in developing national, subregional and regional environmental assessments. A GEO strategy for the region of Latin America and the Caribbean was developed jointly by the agencies’ respective regional offices (see chapter III of the present report). A similar joint initiative is being developed for the African region to be implemented from 2005.
9. UN-Habitat is acting in partnership with UNEP in the WHO/UNICEF led Joint Monitoring Programme for the Water and Sanitation Sector, which is the institutionalized forum to report on progress made with respect to the water and sanitation targets of the Millennium Development Goals and the World Summit on Sustainable Development. UN-Habitat and UNEP are also participating and coordinating approaches in the Millennium Project Task Force 7 on Water and Sanitation.

10. In order to promote and better integrate the environment dimension in the project formulation cycle and to ensure greater sustainability in the implementation of activities in the UN-Habitat work programme, UN-Habitat has produced and published “Guidelines for environmental assessment requirements for UN-Habitat activities”.

B. Policy development

11. Cooperation between UNEP and UN-Habitat in environmental aspects of policies, planning and management of human settlements entered an effective era in 1996 when the two agencies formally established a full partnership in the Sustainable Cities Programme as recommended simultaneously by UNEP Governing Council decision 18/15 of 26 May 1995 and resolution 15/8 of 1 May 1995 of the Commission on Human Settlements. In 2003–2004, the main effort has been targeted to starting the new five-year phase-II plan as agreed with major donors. The plan emphasizes capacity development for national environmental planning and management replications, supported by regional resource networks among cities, international programmes and environmental planning and management induction for urban institutions specializing in urban environmental governance that aim over time at becoming environmental planning and management anchoring centres. It also includes collaboration with international urban development and capacity-building institutions on strategies for environmental infrastructure improvements to benefit particularly the urban poor. Overall, it is a consolidation and mainstreaming effort with the long-term goal of promoting sustained environmental governance capabilities at local level and independence from programme support at the global level.

12. At the city and national level, the Sustainable Cities Programme has become a primary tool for supporting the implementation of both Agenda 21 and the environment dimension of the Habitat Agenda while addressing the Millennium Development Goals and assisting in the implementation of targets agreed at the Johannesburg Summit. The programme is supporting city demonstrations in a growing number of countries in Africa, the Arab States, the Asia-Pacific region, Latin America and Europe, which currently amounts to some 60 or more city and country-level initiatives. Global and regional activities undertaken during the biennium include the publication of a number of environmental planning and management tools, information outreach and advocacy through networking with local partners and international support programmes, and helping campaign launches. The Sustainable Cities Programme is also the vehicle for UN-Habitat collaboration in the UNEP supported Air Pollution in the Megacities of Asia project.

13. UNEP has started to develop a UNEP-wide urban environment programme. The programme aims at enhancing integration of the urban dimension in the work of UNEP. The programme includes cooperation with UN-Habitat and the Cities Alliance. Within UNEP, the Division of Policy Development and Law is coordinating the development of this programme, which is planned to be ready by mid-2005.

14. Proposed by the Secretary General in his report on environment and human settlements and mandated by United Nations General Assembly resolution 53/242 of 28 July 1999, the Environmental Management Group (EMG) is a mechanism designed to facilitate inter-agency coordination in the field of environment and human settlements through time-bound, issue-specific management groups. UN-Habitat is cooperating with UNEP in supporting EMG on selected issues of mutual interest among United Nations agencies at the nexus of environment and human settlements development. Addressing the urban poverty – environment nexus has, for example, been proposed by UN-Habitat for the EMG 2005–2006 work programme.

15. From the time of its launch, UN-Habitat has been one of the main partners in the UNEP Global Programme of Action for the Protection of the Marine Environment from Land-based Activities, in particular in the field of municipal waste water, which was regarded a primary issue to be addressed in the Global Programme of Action. The UN-Habitat partnership arrangement with the Global Programme of Action programme of work was confirmed, among others, at the first intergovernmental review meeting of the Global Programme of Action held in Montreal, Canada from 26 to 30 November 2001.
16. UN-Habitat and UNEP have provided support to the creation of the new organization United Cities and Local Governments, which represents the interests of local governments at the global level. It is hoped that the organization will be a major partner, for example, on global aspects and initiatives such as the intended local capacities for global agendas mentioned in chapter IV of the present report.

17. UNEP joined the Cities Alliance in 2003, by which time UN-Habitat, as one of the founders of the alliance, was already a full member. UNEP has developed an internal strategy for its involvement in the Cities Alliance and UNEP and UN-Habitat are cooperating closely in the Cities Alliance, at the steering and consultative group level and in developing joint projects (in cooperation with other Cities Alliance partners).

18. UN-Habitat and UNEP jointly organized a dialogue on sustainable urbanization during the second World Urban Forum held in Barcelona in 2004. Joint follow-up activities are now under consideration. The networking session on tourism, urban sustainability and poverty alleviation was also a joint event that highlighted the contribution of tourism to urban development and pro-poor policies.

19. In October 2004, UN-Habitat organized a conference on urban and rural linkages with support from UNEP. UNEP conducted the environment session of the conference, including the preparation of a background paper on urban and rural environmental linkages.

C. Implementation

20. The Guidelines on Municipal Wastewater were developed jointly by UNEP, the World Health Organization (WHO), UN-Habitat and the Water Supply and Sanitation Collaborative Council (WSSCC). The guidelines describe innovative management approaches, addressing environmentally sustainable technologies; institutional set-up; financing mechanisms; private sector involvement and community participation. They are complemented with checklists and backed up by the web-based knowledge base Sanitation Connection (SANICON). Based on the guidelines, “10 Keys for Local and National Action on Municipal Wastewater” have been developed by a group of organizations, including UNEP and UN-Habitat. The guidelines, the 10 Keys and the SANICON knowledge base have been used to develop a training course entitled “Improving Municipal Wastewater Management in Coastal Cities”, which is being delivered jointly by UNEP and UNESCO. The UNEP regional seas programme is a major implementing mechanism as part of which regional meetings and training courses have been held worldwide. In their joint efforts, UNEP and UN-Habitat still need to explore how best to take this to city level, for example through the activities of the water for cities programmes and the Sustainable Cities Programme.

21. UNEP and UN-Habitat have organized joint sessions on water, sanitation and waste water at various occasions, among others, during the Third World Water Forum held in Japan (2003), and during the Pan-African Implementation and Partnership Conference on Water held in Addis Ababa (2004), in its sub-session on pollution control and principles of municipal wastewater under the theme of meeting basic needs in water, sanitation and human settlements.

22. UNEP actively supports the UN-Habitat Water for African Cities and Water for Asian Cities Programmes and has been invited by UN-Habitat to join the Lake Victoria Region Water and Sanitation Initiative under the Water for African Cities Programme launched in Stockholm in August 2004.

23. Within the Sustainable Cities Programme, UNEP and UN-Habitat have prepared an urban air quality handbook designed to help local authorities in building capacity to develop and implement activities to reduce air pollution. During early 2005, an interactive urban air quality CD-ROM will be prepared.

24. During the UNEP Global Women’s Assembly on Environment there was a session on urban challenges, gender and poverty which was moderated jointly by UNEP and UN-Habitat staff members to ensure input from both agencies and close coordination in follow-up activities based on recommendations and project proposals elaborated during the meeting.

25. The UNEP Global Environment Facility (GEF) and the Disaster Management Programme of UN-Habitat have jointly developed a regional climate change adaptation project for Cape Verde, the Comoros, Madagascar, Maldives, Mauritius, Seychelles, Sao Tome and Principe entitled: “Programme for integrated vulnerability reduction and adaptation planning in the AIMS group of countries”. The objective of the project is to reduce the vulnerability of urban coastal zones to the impacts of climate change. The project will enhance collection and accessibility of policy-relevant data and methodologies and will promote interregional and subregional technical and policy cooperation through the creation of
a web-based regional network. The joint project will be implemented and executed by UNEP and UN-Habitat in collaboration with the Indian Ocean Commission.

III. Regional overview

A. Africa

26. Under the leadership of the United Nations Economic Commission for Africa (ECA), clusters of United Nations agencies working in Africa were formed in the context of a coordinated United Nations system-wide approach in support of the New Partnership for Africa’s Development (NEPAD). UN-Habitat is chair and convener of cluster 4, on environment, population and urbanization. The objectives of the cluster are to focus on the challenges posed by population growth and movement; rapid and uncontrolled growth of human settlements; environmental degradation and pollution; and the lack of demographic statistics. The cluster identified the following priority areas for implementation: natural disaster and risk management; sustainable NEPAD cities; Safer Cities Programme; rural and urban linkages and management of peri-urban growth; global warming and the implementation of the Kyoto Protocol to the United Nations Framework Convention on Climate Change; marine environment protection in Africa; data for monitoring and evaluation of progress in the achievement of NEPAD goals in the areas of environment, population and urbanization; policy dialogue, advocacy and awareness; capacity-building at the regional, subregional and national level for joint implementation of programmes to address environmental, population, urbanization issues and respond to emergencies. The cluster also agreed on benchmarks, tracking the progress of relevant Millennium Development Goals and that UNEP would be the lead agency on environment issues within cluster 4.

27. UN-Habitat participated in the tenth session of the African Ministerial Conference on the Environment (AMCEN), held in Sirte, Libyan Arab Jamahiriya, in June 2004. UNEP provides the secretariat for AMCEN, which approved an urban component in the adopted five-year rolling plan 2004–2009, which includes human settlements management as one of its elements. Its objective will be to support AMCEN policies that address management of human settlements and it will have two activity areas, namely, to build capacity of agencies and departments of national Governments and local authorities in environmental planning and management and to implement the sustainable NEPAD City programme pursuant to AMCEN programmes.

28. UNEP and UN-Habitat have started to develop a GEO for African cities project. UNEP and UN-Habitat have jointly selected cities that are being approached for project implementation in 2005–2006. The project will be developed within the African Environment Information Network framework and the Africa Environment Outlook process.

29. UNEP and UN-Habitat worked together to formulate the Nairobi River Basin Programme. The two agencies formulated and agreed a collaborative framework, which facilitated a stakeholder-driven process and involved the United Nations Development Programme (UNDP), the Government of Kenya, and other key players. The proposal development phase commenced in November 2003 and ended in July 2004 when the Nairobi River Basin Programme was submitted to potential donors for funding. Funding is expected from 2005 for the fully fledged multi-million dollar programme scheduled to run for four years.

30. Within the area of transport, UN-Habitat has been participating in UNEP work in promoting better air quality in African cities. In Kisumu, Kenya, the Sustainable Cities Programme has started its first project on sustainable urban mobility. The project supports local authorities and their stakeholders to obtain capacity to develop sustainable mobility strategies, focusing on non-motorized transportation and taking into account the environmental component and pro-poor policies. The project will be replicated to other cities in Africa.

B. Asia-Pacific

31. UNEP has developed a regional urban environmental strategy for the Asia-Pacific region, which looks at two strategic areas, namely sustainable urban transport and environmentally sustainable cities. The strategy will be implemented in close cooperation with the UN-Habitat regional office. For example, a joint expert group meeting on eco-houses was convened in Bangkok, Thailand, on 13 September 2004, which called for the development of a knowledge base, networks and pilot projects for eventual dissemination across the various climatic zones.
32. UNEP participated in the UN-Habitat Housing Symposium for Iraq by providing a presentation and discussion topic on sustainable urban development, introducing an ecosystems approach to urban development.

33. Both agencies also supported the Association of Southeast Asian Nations (ASEAN) Working Group on Environmentally Sustainable Cities for renewed political support for the ASEAN Framework on Environmentally Sustainable Cities and identification and documentation of best practices. The initiative seeks to build upon the Sustainable Cities Programme in the ASEAN context.

34. Discussions are also under way between UNEP and UN-Habitat for the organization of an expert group meeting on integrated sustainable waste management in 2005, focusing, in particular, on the preventive aspects of waste.

C. Latin America and the Caribbean

35. In order to harmonize UNEP and UN-Habitat support to countries in promoting an urban environment agenda, the regional offices of the two agencies jointly developed a UNEP/UN-Habitat urban environmental strategy for Latin America and the Caribbean in February 2004. The strategy outlines the key principles and objectives of the cooperation between the two offices through the formulation of action plans and the development of improved public policies and processes for urban environmental management.

36. The joint UNEP/UN-Habitat strategy for Latin America and the Caribbean includes collaborative activities between the UNEP GEO Cities Programme and the Sustainable Cities and Localizing Agenda 21 programmes of UN-Habitat in three cities in Cuba, four cities in Brazil and three cities in Peru. The GEO Cities Programme in Latin America and the Caribbean was introduced by the UNEP Division of Early Warning and Assessment and its Regional Office for Latin America and the Caribbean to assist countries in the region to address urban environmental issues. The programme supports cities in having integrated environmental assessment for urban areas using methodology developed through GEO. The joint UNEP/UN-Habitat Sustainable Cities Programme and the Localizing Agenda 21 Programme strengthen the GEO Cities method by applying it in an environmental planning and management context and Sustainable Cities Programme process.

37. The joint Latin America and the Caribbean strategy stimulates the involvement of both agencies in main political meetings. For example, UNEP participated in the thirteenth meeting of ministers and high-level authorities of the housing and urban development sector in Latin America and the Caribbean. The strategy also responds to requests made by the Forum of Ministers of Environment of Latin America and the Caribbean with regard to urban environmental issues and the implementation of the Latin American and Caribbean Initiative for Sustainable Development.

D. Europe

38. The UNEP Regional Office for Europe and the Geneva UN-Habitat office regularly exchange information and support each other’s activities. On the occasion of World Habitat Day 2004, the Director of the Regional Office for Europe participated in the UN-Habitat round table on the theme of “Cities – engines of rural development”. Likewise, the Director of the Geneva UN-Habitat office participated in the World Environment Day events organized by the Regional Office for Europe.

39. The UN-Habitat Geneva office is a member of the UNEP Geneva Environment Network, which is a cooperative partnership between over 40 environment and sustainable development organizations and units based in International Environment House and elsewhere in the Geneva area, including United Nations offices and programmes, specialized agencies and non-governmental organizations. The partnership aims at improving information dissemination and public outreach, and at developing other joint activities. Information on UN-Habitat activities or events are publicized through the network, which also provides logistical support to its events and meetings.

40. The UNEP Regional Office for Europe continuously involves the Youth for Habitat International Network focal points in the region in its youth network and activities. The Regional Office for Europe involved UN-Habitat focal points in the preparations for the Conference on Environment and Health held in Budapest, Hungary, in June 2004 and in its follow-up outreach activities.
IV. Future cooperation

41. Cooperation between the two agencies is predicted to continue increasing. The joint operation and coordination group meetings will result in the identification of additional relevant activity areas, and institutional arrangements such as the joint operation and coordination group and the partners strategic advisory committee will be further developed and strengthened to support continued and increased programmatic cooperation between the two agencies. Addressing the urban poverty – environment nexus has been proposed for the EMG 2005–2006 work programme.

42. Since UNEP has joined the Cities Alliance, it is expected that UNEP and UN-Habitat, including with other partners, will develop more joint activities within the framework of the alliance. In the global regions, reciprocal engagement and regular exchange of information will be promoted among UNEP and UN-Habitat regional offices in order to identify areas where their respective strengths can be most complementary. Their mutual involvement in ministerial forums and other policy-making mechanisms at the regional and subregional levels will also be sought.

43. The possibilities for developing GEO for cities projects in other regions, similar to those implemented in Latin America and planned for Africa, will be explored. The GEO for cities projects in Latin America and Africa will encompass additional cities; thus, a new project was recently agreed for San Jose, Costa Rica, to be implemented in 2005.

44. In view of the intensive and successful resource mobilization efforts carried out by UN-Habitat and UNEP in 2002–2003, the prospects are good for their continued cooperation on urban environmental management. In particular, the joint UN-Habitat and UNEP Sustainable Cities Programme brings together the United Nations system and other international urban programmes with those of local communities and local authorities in both city-level demonstrations and in global normative work. It is in such efforts that the United Nations excels and that UN-Habitat and UNEP have a unique comparative advantage for linking local operations with global normative work. For example, the management of mega-cities, in particular, is becoming increasingly relevant to sustainable development at the national, regional and global levels. There is also an increasing need to develop local capacities for adopting and implementing principles and norms of global agendas in order to enable local responses to regional and global environmental topics, including related multilateral environment agreements, and to UN-Habitat global norms for urban governance and secure tenure in the overall context of achieving sustainable urbanization. This dimension of the Sustainable Cities Programme activities forms one of the partnership commitments in the Coalition for Sustainable Urbanization. The joint efforts of UN-Habitat and UNEP are critical to making the partnership work.

45. In the context of the World Urban Forum, UNEP and UN-Habitat will continue to cooperate within a global network that links not only cities and international programmes but also other networks from local to global levels and across geographic regions. As an important achievement towards global partnership in sustainable urbanization, the World Urban Forum is an initiative in which the two organizations can play a facilitating and catalytic role with committed partners, helping to focus collective energy and know-how on specific improvements in the living environment and sustainability of human settlements around the world.

46. A framework of programmes for sustainable consumption and production was agreed in Marrakech, Morocco, in 2003. The United Nations Department of Economic and Social Affairs together with UNEP and UN-Habitat and in cooperation with other relevant organizations, was requested to prepare a report on actions needed at the international level to support national action in the waste, transportation, construction, and water and sanitation sectors to promote sustainable consumption and production.

47. The UNEP International Environmental Technology Centre in Japan is developing a new work programme and initial contacts have been established between the centre and the UN-Habitat Regional Office for Asia and the Pacific to explore new areas of increased cooperation.
48. Water and sanitation are specific areas where joint activities will be developed further. UNEP will work closely with the relevant UN-Habitat programmes and especially with the UNEP and UN-Habitat regional offices to promote the development of water, sanitation and waste water projects. UNEP and UN-Habitat will increase their cooperation in large programmes, some of which are under development, such as the African Development Bank Water Facility, the European Union Water Initiative, GEF projects, Cities Alliance projects, and international forums such as the governing councils of UNEP and UN-Habitat, the Commission on Sustainable Development and the World Water Forum.

49. UNEP and UN-Habitat will continue to strengthen and adapt their cooperation framework – specifically joint programmes and activities – to ensure that environmental considerations are an integral component of urban development worldwide, with the objective that both agencies respond optimally to the requests of Governments and partners.