Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and strengthening of the United Nations Human Settlements Programme (UN-HABITAT)

Draft Report of the Secretary-General

Summary

The United Nations Human Settlements Programme (UN-HABITAT) made significant progress in strengthening the United Nations Habitat and Human Settlements Foundation pursuant to requests of the General Assembly to enable the Foundation at once to support the activities of the Programme and to mobilize resources for Member States for affordable shelter, infrastructure and basic services. A 3-year pilot for the Slum Upgrading Facility has been launched. The Programme expanded its efforts at country level to build the capacity of Member States to achieve the MDG targets on slums, and to respond to demand for disaster mitigation and post-conflict humanitarian assistance and reconstruction. Based upon a collaboration agreement with UNDP, UN-HABITAT placed 32 national Habitat Programme Managers to mainstream human settlements issues in national development strategies. The monitoring

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and research activities of the Programme have been adjusted to support the efforts of Member States to monitor the implementation of the MDG slum targets, and to analyze policies and prepare flagship reports that will enable governments and other Habitat partners achieve the targets. UN-HABITAT published the State of the World's Cities 2004, and the Global Report on Human Settlements 2005, "Financing Urban Shelter."

As a Programme of the United Nations responsible for the coordinating implementation of the Habitat Agenda and for assisting member States achieve targets of the Millennium Declaration, UN-HABITAT created forums for global networking and established strategic partnerships. The Second World Urban Forum was successfully held in Barcelona, Spain in September 2004. Plans are underway to celebrate the 30th anniversary of the Habitat Conference by holding the 3rd session of the World Urban Forum in Vancouver, Canada in June 2006. The Global Campaigns for Security of Tenure and on Urban Governance were launched in over 10 countries within the framework of the MDG targets and the Johannesburg Programme of Implementation, with follow up actions initiated to build local capacities. Water and sanitation programmes in Least Development Country regions in the Great Lakes of East Africa and the Mekong Delta of South East Asia have been launched under the Water and Sanitation Trust Fund. The report concludes with a set of recommendations.

I. Introduction

II. Progress made in the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and Strengthening the United Nations Human Settlements Programme (UN-Habitat)

A. Institutional Context and Operating Environment

The Millennium Development Goals

2. The MDGs have served during the reporting period as powerful vehicles for giving focus to the work of UN-HABITAT and to harmonizing the collective efforts of United Nations organizations and Member States to eradicate poverty. This is particularly so for the development of human settlements where the preferred approach is by necessity multi-sector, multi-actor, and integrated – and where coordination is all the more imperative.

3. The living and working conditions of urban slum dwellers have historically been a peripheral concern of the international community. The advent of Goal 7, however, has changed this, elevating the issue significantly. International organizations and Member States, and other Habitat partners are increasingly coming to terms with the mammoth challenge of rapid, poorly managed urbanization and the consequential proliferation of unplanned, unserviced slums and informal settlements. Target 10 on halving the persons living without safe drinking water and sanitation, and Target 11 on improving the lives of at least 100 million slum dwellers by the year 2020, and of working to reach "cities without slums" -- are increasingly featured in the national development agenda of many Member States. Some governments established trust funds for slum upgrading, while others have instituted national policies and programmes, with a view to offer the urban poor security of tenure and a role in decision making as genuine development partners.

4. This said, not all countries have embraced the significance of the slum targets and the catalytic role embodied in the goals of the Millennium Declaration. Unlawful forced evictions and demolitions remain a bad practice of many member States. Rather than consult with slum dwellers and engage in a process of shared responsibility for relocation and resettlement; rather than recognize the urban poor as an indispensable feature of the new urban economy that needs to be empowered, there remains an unrealistic hope for the urban poor that they will simply return to their rural areas. The adamancy underlying these regressive actions underscores the challenges and important role ahead for UN-HABITAT. Now more than ever, it will be crucial to advance a normative agenda through the Global Campaigns for
Secure Tenure and on Good Urban Governance, offer practical policy alternatives supported through peer exchange and the exchange of lessons learned from best practice, and to back advocacy with technical assistance that ensures investment follow through.

**In-depth Evaluation**

5. The Office of Internal Oversight Services (OIOS) undertook during the reporting period an in-depth evaluation of the United Nations Human Settlements Programme. The Report serves as an excellent tool to strengthen the management and performance of UN-HABITAT in light of the pressure on the newly transformed agency to respond appropriately to the serious challenges posed by rapid urbanization. At its Forty-Fifth Session in June 2005, the Committee for Programme and Coordination expressed satisfaction with the recommendations made by OIOS, noting the report’s overall positive assessment of the Programme and supporting the very important work conducted by UN-HABITAT particularly in implementing the Millennium Development Goals.

6. The Committee has agreed with the main critical finding of OIOS that UN-HABITAT needs to sharpen its focus and narrow its scope of activities. Additional recommendations of OIOS include a request to accelerate the recruitment of a Deputy Executive Director in order to support the work of the Executive Director in promoting the Programme externally, administering the United Nations Habitat and Human Settlements Foundation, and in enhancing coordination among sub-programmes. UN-HABITAT has since made progress on recruiting the Deputy and anticipates securing the position within the calendar year. The in-depth evaluation embraces the findings of a separate external evaluation on the Global Campaigns for Secure Tenure and on Urban Governance. It calls for greater linkage between the advocacy instruments and other programmes and advisory services of the Programme, and for increased core funding for the Global Campaigns. The OIOS recommends further the need to increase regular budget resources for UN-HABITAT, to promulgate the operating rules of the Foundation, and for the Programme to become a full participating member of the Inter-Agency Standing Committee.

**Commission for Sustainable Development**

7. UN-HABITAT successfully supported the preparatory process leading up to and including the Thirteenth Session of the Commission for Sustainable Development. At its Twentieth Session in April 2005, the Governing Council
deliberated on the elements of CSD 13 pertaining to water, sanitation and human settlements – the three pillars of sustainable development. These deliberations resulted in Resolution 20/20, “Thirteenth Session of the Commission on Sustainable Development” as well as the Summary of the Chair of the Governing Council. Subsequently, the Executive Director presented the Summary of the Chair to the delegates of the Commission at the high-level segment also in April 2005.

8. The Commission embraced the core message of the Governing Council to integrate water and sanitation into a broad-based framework on human settlements. It acknowledged the significance of the urban dimension of poverty reduction, recognizing the need for a multi-sector, multi-actor, integrated approach to human settlements development. Further, the Commission advanced understanding on the strategic links between sustainable human settlements and sources of energy, the central theme of the upcoming Fourteenth and Fifteenth Sessions of the Commission.

9. The Decision Adopted by the Commission at its Thirteenth Session, inter alia, requests UN-HABITAT as the focal agency for human settlements, to facilitate – in close collaboration with relevant agencies and programmes as well as other partners – effective global monitoring of progress in the implementation of human settlements goals and targets, as well as measures agreed at CSD-13 concerning human settlements.

B. United Nations Habitat and Human Settlements Foundation

10. UN-HABITAT made significant progress in strengthening the Foundation pursuant to requests of the General Assembly to enable the Foundation at once to support the activities of the Programme and to mobilize resources to complement efforts by Member States to provide affordable shelter, infrastructure and services. The Foundation serves two purposes: as a repository of voluntary earmarked and non-earmarked contributions by Member States for the implementation of the work programme; and since 2004, as a special vehicle designed to assist Member States in mobilizing public and private capital for follow-up investment.

Voluntary Contributions to the Programme

11. UN-HABITAT launched an aggressive campaign to solidify its financial base to carry out and improve the delivery of its approved work programme. The total voluntary contributions to the Foundation increased by almost 30% from US $26 million in 2003 to US $33 million in 2004. Two multi-year funding agreements were signed with major donors. In addition, donors have been encouraged to sign multi-year partnership
agreements so as to provide more predictable soft-earmarked funding for major thematic priorities of the work programme and to better respond to demands by Member States.

12. Of the total voluntary contributions to the Foundation, non-earmarked contributions rose from US $8.3 million in 2003 to US $10.5 million in 2004 while earmarked contributions rose from US $17.2 million to US $22.2 million during the same period. While commendable progress has been made in resource mobilization, there is still a major imbalance between earmarked and un-earmarked contributions. Furthermore, approximately 75% of the non-earmarked contributions came from five donors indicating the need to diversify the donor base.

13. The 20th session of the Governing Council took note of these challenges and called upon Governments and other Habitat Agenda partners to increase their contributions to the Foundation and to give priority to non-earmarked, multi-year funding to support the Executive Director in her efforts to broaden the donor base of the programme. In addition, the Executive Director was requested to develop an overarching resource-mobilisation strategy taking into account options adopted by other United Nations bodies for broadening the donor base and, in particular, encouraging non-earmarked contributions.

**Human Settlements Financing**

14. During the reporting period UN-HABITAT officially launched its newest sub-programme, the Human Settlements Financing Division, providing the Foundation an operational platform for mobilizing resources at country level for shelter, infrastructure and basic services. Significant progress was made in establishing the Slum Upgrading Facility, a technical assistance and seed capital vehicle for attracting domestic capital investments for slum upgrading. US $1.8 million for the design phase and US $10 million for a three-year pilot phase were raised and an additional US $10 million pledged. Its scope during the initial 3-year pilot phase includes West Africa, East Africa, South Asia and Southeast Asia and constitutes one of the most innovative strategies adopted by UN-HABITAT. When fully functional, the Slum Upgrading Facility will provide follow-up assistance to ongoing pre-investment activities carried out by the Programme’s Technical Cooperation activities (see “e” below). It will do so by enabling cities, slum dwellers, financial intermediaries, governments and the financial service sector to package their upgrading projects in ways that will attract private investment. It will also make available to local actors, bridge finance and credit enhancements that can catalyze domestic capital thereby augmenting community savings and public investment. The work of the Facility is essentially to field-test financial instruments and approaches such as loan guarantees and special purpose vehicles
in emerging market economies where domestic capital is plentiful but the tools to harness it scarce. UN-HABITAT will implement the facility by combining in-house political and technical expertise on slum upgrading with the support of an international service contractor, recruited though competitive tender, specializing in investment and project finance.

15. Significant progress was made in parallel in working with international financial institutions. These partners include the World Bank Group and regional development banks (see partners section E below), as well as GuarantCo, a loan guarantee facility of the Private Infrastructure Development Group that has expressed interest in ring-fencing 20% of its funds for pilot projects initiated by the Slum Upgrading Facility. Further, UN-HABITAT has strengthened inter-institutional relations with the Development Credit Authority of USAID and is exploring co-financing support to slum upgrading initiatives in Uganda and Ghana. Additional work with international financial institutions includes opportunities for support from the Canadian Mortgage Housing Corporation and a number of private foundations.

C. Technical Assistance and Cooperation at Country Level

16. UN-HABITAT continued to expand its technical assistance to over 80 governments in two broad areas of intervention: building capacity of Member States to achieve the Millennium Development Goals, and responding to demand for disaster mitigation and post-conflict reconstruction. Contributions to the Technical Cooperation activities increased considerably from US$15.2 million in 2003 to US$52.5 million in 2004. The funding was predominantly towards reconstruction and disaster mitigation activities at the country level from a variety of donors. The Special Human Settlements Programme for the Palestinian People in support of the Human Settlements development in the occupied Palestinian territories has to date been capitalized with an amount of slightly over US$1.5 million since it’s establishment. Efforts to mobilize additional financial resources towards the full capitalization of US$ 5 million are continuing. UN-Habitat has requested for additional resources from the Regular Budget in the 2006-2007 budget submission, which includes two additional professional posts.

Support to Member States for the Implementation of Millennium Development Goals

17. The type of support provided by the Programme for localizing MDGs has included a combination of advocacy, country assessment, policy advise, capacity building, project demonstration, and field-testing of approaches and
instruments. Technical assistance of this kind has been directed at organizations of slum dwellers, support NGOs, local authorities, private service providers and utilities, and departments of central government with emphasis on ministries of lands, housing, local government, construction, and water. Substantive inputs to local actors range from land administration to demand-based water management, participatory planning, urban crime and safety, and to inclusive urban management. The advent of the new sub-programme has resulted in the expansion of local actors to include retail banks, cooperative savings associations, housing micro-finance institutions, as well as Ministries of Finance; and in the expansion of substantive inputs to include investment, housing and project finance.

Post-Conflict Humanitarian Assistance and Reconstruction

18. UN-HABITAT recently became a member of the Executive Committee for Humanitarian Affairs (ECHA). It has contributed its experience in disaster mitigation and post-conflict assistance in Afghanistan, Iraq, East Timor, Liberia, the West Bank and Gaza, countries of Asian Tsunami, and Sudan. In these countries, the agency has sought to elevate shelter and urban dimensions. For example, in the humanitarian crisis in Darfur, the Programme has in its work with the UN Country Team stressed the massive influx of migration to Khartoum resulting from the conflict. Preliminary analysis indicates that most of the internally displaced persons will remain in Khartoum after the crisis in Darfur subsides with significant social, political, and economic implications for the city. UN-HABITAT has also introduced shelter policy elements into post-disaster and post-conflict situations at the early stages of humanitarian assistance rather than later during the reconstruction phase when policy interventions may be less effective. The United Nations organizations and member States have found this contribution particularly helpful in situations where land policies and zoning and building standards determine how and where affected populations recover from human or natural disasters. Specific technical assistance of UN-HABITAT has included: training and capacity building of ministries and line agencies in charge of disaster prevention and management; identification of disaster prone areas and formulation of mitigation strategies; rapid response to post-disaster and post-conflict situations, and sustained technical assistance to post-conflict reconstruction efforts.

Coordination and Regional Support
19. UN-HABITAT has provided technical assistance to Member States to implement the MDGs and to respond to human and natural disasters by coordinating its efforts with other organizations of the United Nations. Through a Memorandum of Understanding with UNDP, it has placed national Habitat Programme Managers (HPMs) in 32 countries. These seasoned professionals with in-depth knowledge of local conditions are contributing to mainstreaming human settlements issues in national agendas, promoting an urban dimension to Poverty Reduction Strategy Papers, the United Nations Development Assessment Framework, and the World Bank Country Assessment Strategy.

20. Human settlements officers working in regional offices of UN-HABITAT have played a vital role in back-stopping operations as country level and supporting the work of Habitat Programme Managers. The regional offices in Fukuoka, Japan (Asia and the Pacific), Rio, Brazil (Latin America and the Caribbean) and Nairobi, Kenya (Africa and Arab States) also work closely with economic and social commissions for Asia, Latin America and Africa, respectively.

21. UN-HABITAT during the reporting period contributed to writing the Commission for Africa Report that has identified rapid urbanization as a key challenge for Africa. Further the Programme has worked closely with the New Programme for African Development (NEPAD) to advance the urban agenda. Emphasis has been placed on national polices for urban development, shelter and slum upgrading.

D. Monitoring and Research

22. UN-HABITAT has during the reporting period adjusted its monitoring and research activities to support the efforts of member States to monitor the implementation of the MDGs, and to analyze policies and practices that will enable them achieve the targets.

Monitoring Activities

23. Urban indicators, initially developed to monitor the implementation of the Habitat Agenda, were revised in line with the goals of the Millennium Declaration and all data collected since 2004 is disaggregated by gender. Strategic partnerships at global and national levels were established to strengthen the capacity of national bureaus of statistics to collect data on urban indicators and inform urban policy in 11 countries in Africa and Asia. Work on the documentation and dissemination of best practices in improving the living environment reached a
new milestone with over 2,000 peer-reviewed practices from 140 countries currently available on-line, while a new methodology was successfully field-tested and applied in 10 countries in Africa, Asia and Latin America for the participatory assessment of pro-poor, gender-sensitive urban policies and legislation in support of the attainment of the Millennium Development Goals. Other outputs include strategic guidelines for working with civil society organizations and youth; materials on advocacy for women’s rights to land; a handbook on gender mainstreaming in human settlements; a guide to community-based housing finance credit schemes, and a number of case studies on financing low-income housing. Seminal research was undertaken in analysing urban economic conditions, rural-urban linkages and effective strategies for improving urban self-employment and livelihood for the urban poor.

**Flagship Reports**

24. To bring full circle the lessons of its activities and networks in a contribution to the global base of knowledge, UN-HABITAT continues to produce two flagship reports in alternating years. In 2004, the second State of the World’s Cities report on multi-cultural cities was published, highlighting the cultural dimension of cities at a time of rapid urbanization. This year will see a new edition of the Global Report on Human Settlements that has as its theme “Financing Urban Shelter.” The 2005 issue of the Global Report will assess current economic development trends, examine the performance of housing finance systems including community-based intermediaries, and analyze policy responses and development prospects. The thematic agendas of the two reports have been restructured to focus on selected aspects of the MDGs each year. The State of the World’s Cities series is produced using in-house expertise and data generated through the Best Practices and Urban Observatory networks. The Global Report series takes advantage of multiple networks of researchers in bringing expert opinion from around the world to bear on priority themes.

**Rural-Urban Linkages**

25. Pursuant to Governing Council Resolution 19/13 on the rural dimension of sustainable urban development, the Programme has pursued normative and operational activities. In October 2004, UN-HABITAT together with UNEP and the International Institute for Environment and Development (IIED) hosted an inter-regional conference on rural-urban linkages. Drawing upon lessons learned from over 10 countries in Asia, Europe, and Africa, the participating experts and practitioners deliberated on ways to promote rural-urban linkages and
incorporate these into regional and national development strategies. The conference report stresses the strategic importance of investing in physical infrastructure (telecommunications, electricity, roads) that link rural areas to urban centers. Such investment will greatly facilitate social, environmental and economic linkages. In addition to international symposia, UN-HABITAT has also provided technical assistance to governments and local authorities to promote rural-urban linkages in regional development planning processes. The regional office in Fukuoka supported the Poverty Alleviation through Rural-Urban Linkages (PARUL) initiative in Indonesia and the Rural-Urban Partnership Project (RUPP) in Nepal.

E. Global Networking and Partnership

26. As a Programme of the United Nations responsible for coordinating the implementation of the Habitat Agenda and for assisting member States achieve targets of the Millennium Declaration, UN-HABITAT has created forums for global networking and established strategic partnerships.

World Urban Forum

27. The biennial World Urban Forum was mandated by the Governing Council of UN-HABITAT through its resolution 18/5 as a multi-stakeholder forum to support dialogue and the exchange of experience in support of the implementation of the Habitat Agenda. The Second World Urban Forum was held in Barcelona, Spain, in September 2004, under the theme “Cities as Crossroads of Culture.” Through a set of structured dialogues among various Habitat Agenda partners, significant attention was paid to the Millennium Declaration with special emphasis on progress made in achieving Goal 7 target 10 on water and sanitation and target 11 on improving the lives of at least 100 million slum dwellers by the year 2020. The global event attracted 4,389 participants including government officials (17.7%), local authorities (16.4%), non-governmental organizations (21.2%), United Nations agencies (4.1%), professional and research institutions (8%), and the private sector (8%). Sixty exhibitors from all over the world showcased a range of initiatives and best practices. The forum consisted of partners’ dialogues on urban culture, urban realities, urban governance, and urban renaissance as well as thematic dialogues on urban poverty, urban resources, urban sustainability, urban services, and urban disasters and reconstruction. The whole event was characterized by vibrant discussions. Distinguished participants included former president Mr. Mikhail Gorbachev, Mr. Martti Ahtisaari of Finland, Mr. Jeffrey Sachs, and the late Prime Minister of Lebanon, Mr. Rafik Hariri who was
presented with a special citation of the Habitat Scroll of Honour for his visionary role in the reconstruction of post-conflict Lebanon. Evaluation of the World Urban Forum by participants was very positive. World Urban Forum III will be held in Vancouver, Canada in June 2006 on the occasion of the 30th anniversary of the Habitat Conference that gave birth to the United Nations Human Settlements Programme.

**Multi-lateral Development Institutions**

28. The World Bank Group is one of the main partners of UN-HABITAT in improving the living and working conditions of the urban poor. During the reporting period, the Executive Director of UN-HABITAT and the President of the World Bank Group held consultations and agreed to establish a cooperation agreement to provide greater coherence to urban development interventions at country level. Emphasis was placed by the two leaders on ways to promote housing finance and urban development more squarely in the national development agenda including the Country Assessment Strategy used by the World Bank to establish investment programming, as well as the Poverty Reduction Strategy Papers. In addition, the World Bank and UN-HABITAT carried out a number of activities under their joint Cities Alliance Programme with a ten bilateral development agencies and associations of local authorities. The Cities Alliance provides small grants that support the formulation of city development strategies and citywide slum upgrading initiatives. In Tanzania, Morocco, Egypt, Yemen and the Philippines, working within the Cities Alliance, the World Bank and UN-HABITAT are collaborating to strengthen local government authorities, to help in the emergency reconstruction of urban infrastructure, to initiate and sustain labor-intensive municipal public works, to formulate city development strategies and to set up urban indicators databases. The members of the Cities Alliance also played a crucial role in supporting the development of the UN-HABITAT Slum Upgrading Facility, mobilizing financial contributions through a Trust Fund of the World Bank dedicated for this purpose.

29. UN-HABITAT also signed agreements with the Asian Development Bank (AsDB), the Inter-American Development Bank, and the African Development Bank for joint projects and programmes for water, sanitation, housing and urban development, focusing on improving the living conditions of the urban poor. These agreements have led to substantial programme
collaboration, for example, on the Water for Asian Cities programme, that provides a pipeline of US $10 million in grants from AsDB and UN-HABITAT for the first two phases and US $500 million in AsDB loans for water and sanitation projects in cities across Asia. Negotiations with the African Development Bank for a similar facility are at an advanced stage. The partnerships have leveraged additional funding from the Government of the Netherlands.

**South-South cooperation**

30. A key tool in attaining the targets of the Millennium Declaration, particularly the slum, water and sanitation targets, is south-south cooperation. While two decades ago, the effectiveness of south-south cooperation may have been limited, many developing countries have since acquired substantial technical and policy expertise. UN-HABITAT is mainstreaming the use of such expertise throughout its normative and operational activities.

31. UN-HABITAT is a strong and committed advocate for peer learning and problem solving. At a high level, UN-HABITAT actively supports and participates in regional ministerial meetings on housing, land and urban development in Latin America, Africa and Asia. The African Ministers Conference on Housing and Urban Development (AMCHUD) took place in 2005 in Durban, South Africa and was a joint undertaking by UN-HABITAT, the African Union and the Government of South Africa. Ministers agreed to carry AMCHUD forward in a biennial series of ministerial meetings to be convened in Nairobi, Kenya on the occasion of the biennial sessions of the Governing Council of UN-HABITAT. For its part, the African Union at its annual meeting in Libya in June 2005 formally accepted AMCHUD and affirmed sustainable urbanization as a policy priority. The African Union further called upon UN-HABITAT and UNEP to support development and effectiveness of AMCHUD. A similar high-level meeting was held in Latin America during the reporting period and an Asian counterpart is scheduled for 2006.

32. UN-HABITAT has also supported peer learning at the city level, sponsoring exchanges, workshops, training and field trips among cities (e.g., Mumbai, Manila, Addis Ababa, Arusha, Durban, Havana, Medellin, Dar es Salaam, Nairobi and Johannesburg). These activities involve city authorities and community leaders, including those from slums, to ensure cross-fertilization
between urban poor communities regarding community mobilization strategies, negotiation practices for access to land, community based savings and strategies for city-wide slum upgrading. Topics of recent city-to-city cooperation sponsored by UN-HABITAT include land law, land tenure, women’s security of tenure, local government training, city environmental profiles, best practices, safety and justice and the use of information and communication technology.

**F. Advocacy, Tool Development and Capacity Building**

**Security of Tenure**

33. During the period under review the Global Campaign for Secure Tenure was successfully launched in five countries in West Africa and Latin America and the Caribbean. Preparatory activities were initiated in eight further countries. Memoranda of Understanding were signed with three countries in East Africa, while cooperation agreements were concluded with five other countries to promote slum upgrading. The Land Tool Network, a global network of land tool developers, was established as a practical follow up action to campaign advocacy. Work was carried out on law and land review in three regions and lessons learned from peer-reviewed best practices are being fed into the campaign. The Advisory Group on Forced Evictions, an international task force to facilitate negotiated policy alternatives to unlawful eviction was established resulting in the creation in several countries of a post of housing rights officer. Progress was made in implementing the Water for African Cities and Water for Asian Cities programmes. This included regional and national consultations in the Great Lakes and the Mekong Delta, and technical assistance to community-led initiatives for improving water and sanitation. Consultations on Water for Eastern European cities were initiated, while training and capacity building for water supply management was carried out in eight countries. The period also saw the inception of the Cities-Without-Slums Sub-regional Programme for Eastern and Southern Africa, facilitating cooperation between slum dwellers and city governments in Lesotho, Mozambique, South Africa, Tanzania, Ethiopia, Malawi, Kenya and Uganda.

**Urban Governance**

34. The Global Campaign on Urban Governance was launched in Burkina Faso, Cuba, Mexico, Morocco and Senegal. Follow-up support on the application of inclusive urban governance was provided to African and South Asian countries.
A United Cities and Local Governments unification congress was successfully held in 2004, and draft Guidelines on decentralization and strengthening of local authorities were prepared and widely disseminated. UN-HABITAT has strengthened its relations with local authorities and their associations through a cooperation agreement signed in September 2004 with United Cities and Local Governments and the establishment of an Advisory Group of Experts on Decentralization (AGRED). The efforts by UN-HABITAT to promote pro-poor, gender-sensitive policy tools to improve urban governance have led to high demand by local authorities for training and advisory services. Considerable inroads were made in environmental planning and management in Africa and South Asia. Work on the strategy for addressing shelter problems for HIV/AIDS women and orphans in informal settlements is ongoing in East Africa.

III. Conclusions and recommendations

35. The consequences of rapid urbanization combined with poor urban governance, weak economic growth, and HIV/AIDS have reached crisis proportions in cities and urban areas of much of the developing world, especially in Africa. The sustainability of cities highlighted by the MDG slum target has become a key challenge for the international community.

36. Cognizant of this crisis, the General Assembly transformed UN-HABITAT into a Programme of the United Nations system and called for the strengthening of the United Nations Habitat and Human Settlements Foundation. An aggressive campaign has been launched by the Secretariat to fulfil its role and mandate as a full-fledged Programme through internal organization enhanced by an in-depth evaluation of the Office of Internal Oversight Services, through external engagements of the World Urban Forum, and through partnerships with UNDP, the World Bank, and other international organizations.

37. Slum upgrading provides a unique opportunity for attaining the MDGs. Security of tenure and improvements to shelter and water and sanitation have automatic knock-on effects in terms of health and nutrition, gender equality and the empowerment of women, and reduction of vulnerability to HIV and AIDS and other diseases. Both the crisis of rapid urbanization and the unique opportunity presented by slum upgrading for the attainment of the MDGs call for Governments to adopt, as a matter of urgency, pro-poor, gender-sensitive urban policies and action plans as called for by the Habitat Agenda.

38. Governments in a position to do so are encouraged to strengthen the United Nations Habitat and Human Settlements Foundation by providing non-
earmarked, predictable funding and regular budget resources for its core programme activities.

39. Governments and financial institutions are encouraged to contribute generously to the Water and Sanitation Trust Fund, the Slum Upgrading Facility and other Technical Cooperation Trust Funds that will enable UN-HABITAT to mobilize public investment and private capital for shelter and basic services.

40. Governments are encouraged to support the normative and operational activities of UN-HABITAT, working with Habitat Programme Managers to promote slum upgrading, affordable shelter, and sustainable urbanization.