Executive Director’s Foreword

Issues facing human settlements, particularly in rapidly growing slums, are real. They are grave. They are complex. They are urgent. If unaddressed they could become a cause of instability. They affect human beings as well as the natural environment. They need collaboration of all parties, at all levels based on a shared vision.

UN-HABITAT is poised to strengthen its role as a catalyst for all those recognizing the need to overcome these challenges. To do so effectively, UN-HABITAT realizes that it must make further adjustments to its framework programme and strategic vision adopted after Habitat II that paved the way for its upgrading into a fully fledged programme by the General Assembly in 2001. Chief among these adjustments is a need to embark on a more focused strategic and institutional path.

Our common goal must be to stabilize the unplanned and chaotic aspects of urban growth and unleash the productive potential of the urban poor. Our goal must also be to address pressing global issues such as climate change that threaten citizens north and south alike. The vision of livable, productive and inclusive cities offered by sustainable urbanisation will enable all city dwellers to become full urban citizens. It will allow for the achievement of balanced territorial development that fosters economic vitality and social harmony in cities of different sizes, large and small.

The six-year Medium Term Strategic and Institutional Plan for 2008-2013 is pivotal to this vision. It will maximize our collective chances of success. It recognises that sustainable urbanisation requires a stakeholder-supported roadmap. From the outset, UN-HABITAT has understood that to be a true catalyst, one must make the process participatory. The MTSIP calls for ongoing and increasing alliance building with all those committed to making a difference – the Habitat Agenda Partners.

It also needs internal support and a thorough understanding of what is at stake. To this end, the MTSIP was designed from its inception as a staff-driven process. Its conclusions are the result of extensive internal consultations. We stress the extensive nature of the process. It is not the product of ad hoc brainstorming sessions. It is the product of dozens of formal and
informal exchanges. Indeed, UN-HABITAT’s vision of sustainable urbanisation is inspired by the in-depth thoughts and beliefs of its dedicated staff worldwide. This process has already prompted a higher sense of unity and purpose; a new One Habitat culture is clearly emerging. Staff at all levels have understood the importance of collaboration and cohesion in their common resolve to address both substantive issues and organisational change.

Is our vision credible? Can UN-HABITAT become an invigorated catalyst? Can we hope to stabilize the chaotic aspects of rapid urbanisation taking place in the developing world and begin to reverse the trend of the urbanisation of poverty, deprivation and social exclusion? One billion fellow human beings hope we can. We have a moral and ethical obligation not to fail them. Ethical issues apart, sustainable urbanisation is also an economic and environmental imperative without which peace, stability and sustainable development cannot be achieved.
A. INTRODUCTION: THE CHALLENGE OF RAPID AND CHAOTIC URBANISATION

1. Towns and cities are growing rapidly, more rapidly than ever before in human history. It is estimated that the world’s urban population increases by 70 million every year – equivalent to a new city the size of Madrid, Dallas or St. Petersburg every month. The scale and pace of this growth is creating unprecedented social, political, cultural and environmental challenges that must be addressed by the global community.

2. In 1950, one-third of the world’s people lived in cities. Today, for the first time in history, half of the world’s population lives in cities and towns. It is expected that this share will continue to rise to two-thirds, or 6 billion people by 2050. Urbanization is a strong force that generates economic growth, social and political advances, and technical and scientific progress. Poorly managed, urbanization can become a chaotic process that generates social exclusion, poverty, uncontrolled urban sprawl, pollution and unsustainable consumption of land, water and other natural resources that will in turn accelerate the negative impacts of climate change.

3. Cities of the developing world will absorb 95 percent of urban growth in the next two decades. Recent studies have shown that the rate of urban growth is almost equal to the rate of slum formation in many developing countries. Today, 1 billion people live in slums and deprived neighbourhoods. In the past 15 years alone, this number increased by 280 million people, or about 40 percent. If present trends continue, this number could increase by another 300 million in the next 15 years.

4. Slums and deprived neighbourhoods are the most visible manifestation of urban poverty and destitution. They are also the manifestation of the failure of sectoral policies and systems in providing for the basic needs of people. They constitute one of the biggest challenges as well as an opportunity for attaining the Millennium Development Goals.

Coming to terms with the urban age

5. Despite growing awareness of the challenges of rapid urbanisation at the global level, progress at the country level needs to be greatly accelerated because:

- Most countries underestimated the consequences of rapid urbanisation until relatively recently. As a result, since Habitat I (1976), slums have proliferated under the misplaced assumption that investing in rural development would slow down urbanisation, and that the formal economy would integrate the informal sector over time. Both these assumptions have proven to be erroneous. Rural development has not arrested rapid and premature migration into cities. Convergence of formal and informal sectors of the economy has also proven elusive. On the contrary, decades of neglect have resulted in the explosion of slums and the informal economy. Today, the principal driver of urban growth is natural growth of the urban population. This trend is leading to precarious living and working conditions, poor health and security, environmental degradation, and social exclusion;
- Investments in urban infrastructure and services lag way behind the demographic growth and the physical expansion of towns and cities. An analysis of national development plans, poverty reduction strategies, and multilateral and bilateral
assistance frameworks reveals that urban development and urban poverty are often overlooked or rank among the lowest in terms of budgetary allocations;

- The lack of financial and technical capacity in many developing countries remains a severe constraint and bottleneck. This is particularly the case with urban local authorities which have the direct responsibility for the management of cities. Recent attempts at decentralisation have rarely been accompanied by the allocation of human, managerial and financial resources commensurate to the challenges of rapid urbanisation. As a result, many local authorities are ill equipped to engage in strategic urban planning, local economic development and pro-poor capital investment; and
- The failure of the market place to respond to the needs and the effective demand of low-income groups for housing and basic services, particularly in area of access to credit.

Meeting the Challenge

6. Sustainable urbanisation is not only an end in itself. In a world where one billion slum dwellers are living in life-threatening conditions, and where 95 percent of all urban growth is occurring in developing country cities, the battle to achieve the Millennium Development Goals will be won or lost in cities.

7. Sustainable urbanization can only be achieved if the rate of formation of slums is stabilised, subsequently reduced and ultimately reversed. This will require, in addition to sustained economic growth, direct and focused efforts to making cities more productive and socially inclusive through good governance.

8. Experience in both developed and developing countries show that such efforts contribute effectively to the overall objective of reducing poverty by creating jobs, attracting investments, improving health, and raising economic productivity. Such efforts typically include:

- Good urban management and governance to ensure that all citizens, particularly women, the youth and the elderly, have a strong voice in decisions that affect their lives;
- Efficient land markets and property administration that prevent land speculation and urban sprawl and provide sufficient affordable land with secure tenure for the urban poor;
- Zoning and land use regulations that facilitate compact and mixed-use urban development and reduce the ecological footprint of cities;
- Affordable and environmentally sound infrastructure including transport, energy, water and sanitation;
- Financial markets and systems that can provide affordable housing credit and long-term municipal finance.

The role and mandate of UN-Habitat

9. Many actors are engaged in direct efforts to improve the living conditions of slum dwellers and the urban poor, and to ensure more sustainable urbanisation. These actors include national and local governments, bilateral and multilateral assistance agencies, the private sector and civil society. Many of these actors have in the past attempted to address urban development as a special “sector” with special programmes and dedicated urban
development agencies. They have, however, in most cases shifted their focus on more conventional and sectoral approaches such as health, education, transport or water. Such approaches rarely consider the spatial concentration of deprivation found in slums which requires well-coordinated and simultaneous interventions to be effective and sustainable. These approaches have largely overlooked the importance of social organisation to provide services to people of low and often irregular incomes.

10. Today, UN-Habitat is one of the few international institutions that provides an overall perspective on urbanization processes and the only one with housing and urban development as its principal mandate. Other actors, including governments and international institutions, are therefore increasingly looking to UN-HABITAT to provide such an overall perspective through its core competencies in monitoring urbanization globally, developing policy guidelines, disseminating knowledge and best practices, and implementing new approaches to pro-poor housing and sustainable urban development.

**Comparative advantages**

11. The MTSIP is designed to respond to the expectations of governments and of the international community by building on UN-HABITAT’s comparative advantages, including:

- A combined normative and operational approach to urbanisation;
- A holistic and dynamic approach to human settlements, consisting of a spatial and temporal dimensions rather than a static sectoral understanding of the relationship between poverty, housing, basic services and the environment;
- A recognized capacity to bring all spheres of government and civil society together to engage in policy dialogue and participatory planning and social organisation;
- A long-standing partnership with local authorities in promoting the sustainable urban development agenda;
- Supporting the transition of human settlements in crisis to more sustainable recovery and reconstruction;
- Specific technical expertise in such areas as land and property administration, urban environmental management, participatory planning, urban safety and security, and urban governance.

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**UN-HABITAT: building on the past – positioning for the future**

The Medium Term Strategic and Institutional Plan (MTSIP) for 2008-2013 represents the third stage in the reform and strengthening of UN-Habitat. The first stage involved the revitalization of UNCHS (HABITAT) following the Habitat II Conference held in 1996. While the Conference was an undeniable success and provided a new mandate and role for UNCHS (Habitat), the agency was in a weakened state characterized by poor staff morale and loss of donor confidence. The 1998 revitalization plan established the normative role of UNCHS (HABITAT). It restructured the organisation into two sub-programmes, spearheaded by two global campaigns, and supported by an Urban Secretariat. The appointment of a new Executive Director in 2000 and the Special Session of General Assembly in 2001 for the review of progress in the implementation of the Habitat Agenda marked the second phase of reform. The outcome of the Special Session led to the elevation of the status of the organisation into a fully-fledged programme in 2001, henceforth known as UN-HABITAT. Headed by an Under-Secretary-General, the Programme was re-organised into four subprogrammes, corresponding to four substantive divisions, and a Programme Support Division. The
ensuing period from 2002 to 2005 witnessed rapid growth of the Programme both in terms of staff, budget, and donor confidence, with financial resources having increased fivefold.

The MTSIP constitutes the third stage in the reform and strengthening of UN-HABITAT. While consolidating and building upon previous reforms, the MTSIP represents an organisational response to global trends in urbanisation and urban poverty, and to UN system-wide reform. It sets out the core strategies and priorities that will guide UN-HABITAT’s work during the period 2008-2013 within the framework of its broader mandate - the Habitat Agenda. The MTSIP responds to various resolutions of the 20th session of the Governing Council and the recommendations of the Committee for Programme Coordination resulting from an in-depth programmatic review undertaken by the Office of Internal Oversight Services in 2004. It is informed by extensive consultations with the Committee of Permanent Representatives, external partners and staff; independent assessments of the Programme’s strengths and weaknesses; analysis of emerging trends and patterns of urbanisation, slum formation and urban poverty; and UN system-wide reform.

Organisational challenges and expected outcomes

12. The organisational challenges facing UN-HABITAT that will be addressed by the MTSIP for the period 2008-2013 are to align the work and focus the capacities of UN-Habitat to support international and national efforts in attaining the human settlements related Millennium Development Goals. At the organisational level the following organisational changes will be pursued relentlessly in guiding the priorities and the resource mobilisation efforts of UN-HABITAT throughout the plan period:
   (a) Sharper focus: the plan consists of six mutually reinforcing Focus Areas which build on the comparative advantages, core competencies and normative role of UN-Habitat;
   (b) Results-based: each of the Focus Areas is comprised of key result areas and corresponding indicators of achievement;
   (c) Normative and operational alignment: each of the Focus Areas is comprised of a package of policy, advocacy, capacity building, and monitoring and research activities, and presents clear linkages between these functions at the global and country levels;
   (d) Going to scale: the plan proposes the progressive convergence of existing programmes and competencies with the efforts and resources of strategic partners to support “measurable results” at the national level in the Focus Areas;
   (e) Management change: the plan identifies a set of short and medium-term institutional changes and improvements in management systems, tools and culture in support of the implementation of MTSIP.

13. As a result of a sharpened focus and the pursuit of management excellence, the anticipated outcome is for UN-HABITAT to become by 2013:
   (a) A premier reference centre for data collection, analysis, monitoring and reporting on sustainable urbanisation. This outcome is a direct response to the need to advocate for radical changes in public understanding and policy to address the combined impact of rapid urbanisation and associated slum formation and urban poverty;
   (b) The first port of call for pro-poor urban development policy, ideas and strategies. This outcome builds on the Programme’s competencies and comparative advantages in promoting equitable access to land and basic urban infrastructure and services. It is a direct response to strengthen capacity at the national and local levels to attain the slum upgrading and water and sanitation targets of the Millennium Declaration, and the call for urgent measures for slum prevention by the 2005 World Summit Outcome;
(c) A key player in innovative financing mechanisms for affordable housing, basic urban infrastructure and services. This outcome responds to the urgent need to help prevent the future formation of slums and urban environmental degradation through improved housing and municipal finance and investment programming.

14. The MTSIP sets out how UN-HABITAT will capitalise on its comparative advantages to fulfil its unique role and mandate more effectively in the future. The key components of the MTSIP are as follows:

- Overarching goal and vision
- Operationalising the MTSIP
- Strategic Plan
- Institutional Plan
- Resource implications and mobilisation strategy
B. OVERARCHING GOAL AND VISION FOR THE PLAN PERIOD

15. The overarching goal of UN-HABITAT is to ensure an effective contribution to sustainable urbanisation. The goal of sustainable urbanisation is liveable, productive and inclusive cities, towns and villages. It embraces relationships between all human settlements from small towns to metropolises, between urban centres and their surrounding rural areas, and settlements in crisis. As a process, it captures a vision of ‘inclusive growth’ that is people centric and embraces social harmony, economic vitality, and environmental sustainability.

16. UN-HABITAT’s vision is to help create by 2013 the necessary conditions for concerted international and national efforts to stabilize the growth of slums and to set the stage for the subsequent reduction and eventual reversal of the number of slum dwellers.

Focus and impact

17. As its contribution to achieving this goal, UN-HABITAT will concentrate on five thematic focus areas and one organisational focus area, through which it will add value to international and national efforts to attain the human settlements related targets of the Millennium Declaration, and more specifically to improve the living conditions of the urban poor. The six focus areas are:

a. Advocacy, monitoring and partnerships
b. Participatory urban management, planning and governance
c. Pro-poor land and housing
d. Affordable urban infrastructure and services
e. Strengthening human settlements finance systems
f. Excellence in Management

18. Within this framework, gender, age and post-conflict and post-disaster issues become important cross-cutting issues. These thematic focus areas are described in paragraph 27 below.

Scope and coverage for enhanced normative operations at the country level

19. UN-HABITAT will mobilize a coalition of partners to make a significant contribution to sustainable urbanisation and the attainment of the human settlements related MDGs. The normative component of the MTSIP consists of a four-phase approach in recognition of the different stages of policy development and levels of commitment at which countries are addressing the urban poverty and slum issues.

20. This four-phase approach consists of a set of activities designed to support the achievement of the normative result areas of the MTSIP at the national level (see graphic below). They include:

- Awareness and political commitment: A robust advocacy and communication strategy to raise awareness and political commitment, analyse, monitor and mainstream sustainable urbanisation and urban poverty;
• **Policy assessment**: Technical advisory and capacity building support for policy reviews;
• **Institutional reform**: Technical advisory and capacity building support for institutional reform;
• **Scaling up and resource mobilisation**: Investment programming and resource mobilisation at local, national and international levels.

21. The indicative scope and coverage for the plan period is as follows:

- At least 100 countries having demonstrated their enhanced awareness and commitment to sustainable urbanisation through, inter alia, the inclusion of urban poverty reduction in their respective national development plans. This commitment includes the establishment of national and local urban observatories for monitoring urbanisation trends and issues.
- At least 75 countries having undertaken participatory reviews and assessments of their respective policies/legislation and having adopted improved policies/legislation in one of more of the Focus Areas of the MTSIP (land and housing, infrastructure and services, urban governance and management).
- At least 50 countries, among those which have adopted improved policies/legislation, having engaged in institutional or regulatory reform to facilitate programme development in urban poverty reduction, slum improvement and slum prevention;
- At least 25 countries having committed or increased budgetary allocations for pro-poor housing and urban development, including the leveraging of international assistance, where appropriate, with domestic capital.
- At least one-third of major donor countries yet to do so, to have allocated resources for urban development programmes including slum upgrading;
- At least 20 percent of post-conflict or post-disaster areas having adopted sustainable relief and reconstruction strategies from the outset, guided by UN-HABITAT and its partners.

22. Major emphasis will be placed on partnerships, alliances and coalitions with Habitat Agenda partners to play an active role in implementation. Results in each of the six target
areas will be monitored and reported to UN-HABITAT through the Governing Council and/or the World Urban Forum for inclusion in flagship reports and other reports on progress in achieving the human settlements related MDGs and the Habitat Agenda.

23. The estimated resource implications are in the order of US $200 million over the plan period, representing approximately a 50 percent increase, in biennial terms, over the current planned budget for core normative activities for 2008-2009.\(^1\) The partnership approach that underlines the MTSIP should result in, at least a 1:1 leveraging of these resources with normative contributions of other partners.

24. With the average current gearing ratio of approximately 1:4 between normative and operational activities, it is expected that the enhanced normative operations will be leveraged by an additional US $800 million in country programming during the plan period.

**Guiding principles**

25. UN-Habitat’s mandate and mission are derived from various sources including General Assembly Resolutions and Government commitments expressed in, for example, the Habitat Agenda, the Declaration on cities and other human settlements, the Millennium Declaration, the Johannesburg Plan of Implementation and, more recently, by paragraph 56(m) of the 2005 World Summit Outcome.\(^2\)

26. Consistent with its mandate, the following principles will guide the implementation of the Medium-Term Strategic and Institutional Plan (MTSIP):

(a) UN-Habitat, as part of the broader United Nations system, upholds a human rights perspective and a commitment to mainstream gender and youth issues to all its human settlements activities;

(b) The scale of the sustainable urbanisation and slum challenges are such that UN-HABITAT can only achieve its goal and thereby help the global community attain the MDGs by working even more closely with partners. Enhanced partnering will therefore form a basic guiding principle of the MTSIP that emphasizes UN-HABITAT’s catalytic role even more than before.

(c) The challenge of sustainable urbanisation can only be addressed through a holistic approach to human settlements development. A major effort during the plan period will be to work closely with UN Country Teams to mainstream the sustainable urbanisation and urban poverty agenda within the UNDAF and the PRS processes;

(d) UN-Habitat will enhance the alignment, effectiveness and impact of its interventions: identifying pilot initiatives for scaling up, strengthening the links between its policy,

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\(^1\) It is planned that this increase be progressively realized over the plan period, with a 25 percent increase projected for 2008-2009.

capacity building and monitoring activities; and leveraging its resources with those of partners;
(e) UN-Habitat recognizes that local authorities play a crucial role in achieving national development and poverty reduction targets, including the Millennium Development Goals, and is committed, therefore, to strengthening their capacity to fulfill their role in this regard. Given the number of local authorities worldwide, UN-HABITAT will focus its efforts on ensuring the highest possible multiplier effects by supporting the efforts of global, regional and national associations of local authorities, other UN agencies, and training and capacity building institutions;
(f) As a United Nations agency, UN-Habitat is committed to supporting the process of UN Reform at the global and national levels, including support for enhanced harmonization, coherence and alignment of international development assistance including improved coordination of activities through UN Country Teams.³

The Thematic Focus Areas

27. The following Thematic Focus Areas are mutually reinforcing in support of the overall objective of sustainable urbanization.

Focus Area 1 – Advocacy, monitoring and partnerships: Putting sustainable urbanisation and urban poverty reduction at the centre of policy and legislative debate at the global and national levels informed by high-quality, gender-disaggregated data on urbanisation trends and issues and through the combined advocacy efforts of strategic partners.

Focus Area 2 – Participatory urban management, planning and governance: Strengthening of country environments and capacities to promote and adopt more effective, efficient, transparent and accountable urban planning and management practices, including local economic development practices, focusing on slum upgrading and prevention strategies.

Focus Area 3 – Pro-poor land and housing: Supporting the adoption by national governments and Habitat Agenda partners of pro-poor gender and age-sensitive policies and regulatory frameworks in the areas housing, land and property.

Focus Area 4 – Affordable and environmentally-sound basic infrastructure and services: Strengthening the capacity of national governments, local authorities and their partners, including service providers, to expand access to and sustain provision of clean water, improved sanitation, solid and liquid waste management, and affordable environmentally-sound energy and transport in urban and peri-urban areas.

Focus Area 5 - Strengthening human settlements finance systems: Devising and applying innovative housing and municipal finance tools and instruments to scale up the response capacity and leverage the resources of governments, local authorities, the private and community sectors and external assistance to meet demand for affordable housing and basic urban infrastructure and services by the urban poor.

³ The placing of UN-HABITAT Programme Managers with UN Country Teams in the proposed One UN offices at the country level.
Corresponding result areas, indicators and modes of intervention

28. The key elements of the MTSIP are the Focus Areas, corresponding Result Areas and Indicators of Achievement. They have been determined on the basis of several important considerations.

(a) The first consideration is the target dates for Goal 7 Targets 10 and 11 on water and sanitation and improving the living conditions of slum dwellers. Meeting these targets will require, at a minimum, the wide-spread adoption by Member States of pro-poor, age and gender-sensitive urban policies and slum upgrading strategies by 2013, and the mainstreaming of urban poverty reduction within the context of national development priorities and budgetary allocations, including and donor assistance;

(b) The second consideration derives from Paragraph 56(m) of the 2005 World Summit Outcome and the need to take urgent measures to prevent the future growth of slums, particularly in light of recent findings on the scale and pace of slum formation and urban poverty that will have a profound impact on the overall attainment of internationally agreed development goals.4

29. The focus areas are further developed and accompanied by corresponding result areas, organisational targets, indicators of achievement, modes of intervention, and coverage. These form the basis for results-based management and for improving strategic focus, alignment and cohesion.

30. Each focus area combines a mix of policy, capacity building, technical cooperation, and monitoring activities to further alignment and to maximise delivery efficiency. Each focus area specifies the key partnerships with UN agencies, bilateral donors, international finance institutions, and civil society partners that will play an important role in contributing to achieving the intended results.

31. Each result area includes organisational targets and indicators of achievement that will enable UN-HABITAT to monitor progress in the implementation of the MTSIP and to fine-tune and adjust the Plan accordingly. Modes of intervention and intended coverage are also specified for each result area. While specific modes of intervention will be guided by national/regional contexts and priorities, they build on UN-Habitat’s strengths, competencies and comparative advantage. The intended coverage is an indicative planning tool that provides an idea of the scope of the Plan and a basis for resource mobilisation targets. It also provides an indication of the differentiated focus of the Plan on LDCs, developing countries and countries with economies in transition.5

Focus areas, strategic intent and key results

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<tr>
<th>Focus Area 1:</th>
<th>Advocacy, Monitoring and Partnerships</th>
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<tr>
<td>Strategic intent</td>
<td>Promote sustainable urbanisation through education, communication, evidence-based information through data collection and analysis, policy dialogue and strategic</td>
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5 Annex I provides an examples of a results-based matrix for each of the Focus Areas
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<th>Focus Area 1:</th>
<th>Sustainable urbanisation and partnerships</th>
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| Key results   | 1. Sustainable urbanisation issues recognised and integrated in national policies, plans and strategies such as PRSs, UNDAFs, etc.;  
2. Sustainable urbanisation facts, figures, values and principles reflected in media, education programmes and curricula;  
3. UN-HABITAT recognised as a premier centre for data, best practices and good policies and pilot projects on sustainable urbanisation;  
4. Increased number of strategic partnerships that engage national and local governments, civil society organisations, parliamentarians and the private sector in sustainable urbanisation through policy dialogue, advocacy and resource mobilisation. |

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<th>Focus Area 2:</th>
<th>Participatory urban planning, management and governance</th>
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<tr>
<td>Strategic intent</td>
<td>Strengthen the performance of national governments, local authorities and other stakeholders to enable the development of livable, productive and inclusive cities</td>
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| Key results   | 1. Enabling legislation and measures developed and applied to ensure fiscal and political decentralization to the appropriate sphere of government;  
2. Innovative practices in urban management and municipal finance applied to enhance urban productivity, with adequate oversight mechanisms to ensure accountability;  
3. Increased number of more secure and resilient cities with a better balance between the built and natural environments;  
4. Inclusive and effective urban planning and local economic development practices adopted, with adequate attention to slum prevention and rural-urban linkages. |

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<th>Focus Area 3:</th>
<th>Pro-poor land and housing</th>
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<tr>
<td>Strategic intent</td>
<td>Assist national governments and Habitat Agenda partners to adopt pro-poor, gender and age-sensitive housing, land management and property administration programmes and strategies through enabling policies and improved regulatory frameworks</td>
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| Key results   | 1. Effective gender and age sensitive shelter strategies and improved regulatory frameworks and capacities that provide for progressive realization of housing, land and property rights and for slum upgrading and prevention adopted and implemented by Member States;  
2. Membership-based community organisations for housing, land acquisition and urban infrastructure development formed/strengthened;  
3. Improved equitable access to land, housing and property with special focus on the urban poor and populations affected by human settlements in crisis;  
4. Sustainable gender-sensitive shelter relief and reconstruction models in post-disaster and post-conflict areas developed and implemented;  
5. Achievement of security of tenure through improved measurement of security of tenure, also for women and youth, in conjunction with the establishment and effective operations of a global monitoring and evaluation mechanism on progress in realization of housing, land and property rights through indicators. |

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<tr>
<th>Focus Area 4:</th>
<th>Affordable and environmentally-sound basic infrastructure and services</th>
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<tr>
<td>Strategic intent</td>
<td>To expand access to and sustain provision of adequate clean water, improved sanitation, waste management, and environmentally sound transport and energy in urban and peri-urban areas. This will be done through strengthening the capacity of national governments, local authorities, other Habitat Agenda partners and service providers, enhanced pro-poor investments and pro-poor governance frameworks.</td>
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| Key results   | 1. Sustainable and equitable access to improved basic infrastructure and services in urban areas and countries are on track to achieve internationally agreed targets;  
2. Increased pro-poor investments in basic infrastructure and services;  
3. Improved pro-poor governance frameworks ensuring the involvement of local |
Focus Area 5: **Strengthening human settlements finance systems**

**Strategic intent**

To improve access to finance for housing and infrastructure, particularly for the urban poor. This will be done through innovative finance mechanisms and institutional capacity to leverage the contributions of communities, local authorities, the private sector, Government and international financial institutions.

**Key results**

1. Increased financing for pro-poor, gender and age-sensitive housing and basic urban infrastructure and services through capitalisation and strengthening of the UNHHSF to provide facilitating finance and seed capital, and applying innovative pro-poor finance systems including revolving funds to encourage large scale replication.
2. Innovative human settlements financing tools and instruments developed and institutional capacity strengthened for these purposes;
3. Improved knowledge and capacity of local authorities to better mobilize and manage municipal finance for slum upgrading and prevention;
4. Strategic partnerships established to support large scale replication of innovative housing and infrastructure finance mechanisms;
5. New and strengthened membership-based community organisations for housing and urban infrastructure development, including housing cooperatives, building societies, and credit and mortgage institutions.

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**Focus Area 6: **Excellence in Management**

**Strategic intent**

Effective implementation of the organization’s work through enhanced results-based management, improved communication, and better financial, human and knowledge management systems and tools.

**Key results**

1. High impact results at country and global level resulting from more cohesion and resource sharing between different programmes, as well as better alignment of the organization’s normative and operational work
2. Increased efficiency and effectiveness of the organization through improved knowledge management and information including systematic dissemination of policy and programme information
3. Improved performance and policies based on feedback from an enhanced integrated programme monitoring, evaluation and reporting focusing on results and lessons learned from experience
4. More predictable and sustainable funding from a wider donor base as a result of implementing a comprehensive resource mobilization strategy
5. Increased effectiveness through enhanced management skills, and better alignment between staff skills and functions as a result of an improved human resource management system
6. Higher visibility of the organization’s work and its issues through greater commitment by all staff to a common vision fostered by the One Habitat culture and branding
C. OPERATIONALISING THE MTSIP – OPERATIONAL AND STRUCTURAL IMPLICATIONS

32. The targets set forth in the MTSIP represent a compelling challenge for Governments, the international community and for UN-HABITAT. In order to meet this challenge, there will have to be significant changes in how UN-HABITAT operates. These changes include:

(a) Playing a more catalytic role within a coalition of partners;
(b) Systematic adoption of Results-based Management (RBM);
(c) Creating a single, new Global Campaign for Sustainable Urbanisation;
(d) Implementing a differentiated country strategy to respond flexibly to needs;
(e) Establishing Country Support Teams;
(f) Reviewing the organisation’s structure to enhance overall effectiveness;
(g) Strengthening crucial programme management functions.

33. Each of these proposals is discussed in more detail below.

An enhanced catalytic role

34. UN-HABITAT cannot do everything itself. Given the magnitude of the challenge, a more systematic approach to facilitating change is required. Greater emphasis will be placed on its catalytic role in global advocacy, national policy reform, capacity building and partnerships in support of the Millennium Development Goals (see Box below);

Catalyzing Change for Sustainable Urbanisation

The challenge of sustainable urbanisation is such that UN-HABITAT must adopt a new way of working; acting as a catalyst of change at the global and national levels. UN-HABITAT cannot do everything, everywhere, but can do more to enable more effective, coordinated and coherent efforts in support of sustainable urbanisation.

At the global level, this means:

• Rallying a global coalition of partners to support Government efforts to achieve the Millennium Development Goals and promote Sustainable Urbanisation;
• Maintaining a global perspective on who is doing what where and how to enable Governments to tap the latest expertise in sustainable urban development from any partner and to facilitate the sharing of lessons of experience among practitioners;
• Within a partnership framework, playing an enhanced leadership role regarding the monitoring, analysis and dissemination of data and best practices related to sustainable urbanisation and the MDGs;
• Promoting normative debate on key policy issues affecting urban development, including for example, access to land and security of tenure, mobilising domestic capital, and environmentally-sound, inclusive growth;

At the national level, UN-HABITAT will catalyze change through:

• Supporting national development objectives by developing tools for analyzing urbanisation, urban development policies, and legal and regulatory frameworks;
• Supporting the coordinated achievement of Millennium Development Goals through the establishment of urban forums and maintaining national databases of who is doing what where to promote sustainable urbanisation;
Systematic monitoring of urbanisation trends and conditions, progress in achieving human settlements related MDG targets, identifying good practices, innovative policies and disseminating information and lessons globally through its flagship reports;

Helping match Government demand for expertise in policy and legislative review, capacity-building, technical assistance with expertise available from partners or from within UN-HABITAT;

Adopting a differentiated country strategy to facilitate support to national efforts.

**Adoption of Results-Based Management (RBM)**

35. UN-HABITAT will systematically adopt Results-Based Management (RBM), consistent with the practice of national governments such as Thailand, The Philippines and Costa Rica, bilateral agencies such as USAID; DFID; AusAid; CIDA; Danida, and by organisations such as UNDP, UNICEF, ILO and the World Bank. The successful adoption of RBM will be challenging, but ultimately it will significantly strengthen UN-HABITAT’s capacity to achieve its organisational objectives (see Box below).

**Results-based Management (RBM)**

RBM holds the key for the successful design and implementation of the Medium Term Strategic and Institutional Plan. Implementing it, however, will mean changing mind-sets and established practices. It will require leadership, patience and perseverance on the part of staff, management and development partners.

RBM has been defined as “a broad management strategy aimed at achieving important changes in the way... agencies operate, with improving performance (achieving better results) as the central orientation.” RBM emphasizes the concept of causality, that is, that various inputs and activities lead to higher orders of results, often presented as “results-chains” that depict cause-and-effect relationships. RBM usually occurs at three levels: project, country and organisation. It usually includes seven phases, namely:

- Identifying clear and measurable objectives (results), aided by logical frameworks;
- Selecting indicators that will be used to measure progress towards each objective;
- Setting explicit targets for each indicator, used to judge performance;
- Developing performance monitoring systems to regularly collect data on actual results;
- Reviewing, analysing and reporting actual results vis-à-vis the targets;
- Integrating evaluations to provide complementary performance information not readily available from performance monitoring systems;
- Using performance information for internal management accountability, learning and decision-making processes, and also for external performance reporting to stakeholders and partners.

Significantly, RBM is often implemented with additional reforms including:

- Accountability measures – new measures for holding managers and units responsible for achieving results at appropriate levels;
- Decentralization – delegating authority to managers and empowering them with flexibility to shift resources to achieve results;
- Client Focus – consulting and being responsive to clients regarding their preferences and satisfaction with support provided;
- Participation and Partnership – involving partners and stakeholders in all aspects of performance measurement and monitoring;
Reformed Operational Policies and Procedures – instituting new policy and procedural directives aimed at changing the way the organisation conducts its business;

• Supporting mechanisms – tools and training to enable managers to understand and effectively implement performance management;

• Cultural Change – aligning staff values, attitudes and behaviour to the organisation’s mission

*Sources: OECD/DAC and World Bank*

**A new Global Campaign for Sustainable Urbanisation**

36. A single, new Global Campaign for Sustainable Urbanisation will be created that will absorb the Global Campaigns for Secure Tenure and Urban Governance, building upon their lessons-learned. It will be managed from the Office of the Deputy-Executive Director as a tool for facilitating the implementation of the MTSIP (see box below).

**Global Campaign on Sustainable Urbanisation**

To support the overarching goal of “sustainable urbanisation,” UN-HABITAT will combine the lessons and experience of the Global Campaign for Secure Tenure and the Global Campaign on Urban Governance under a single banner: the Global Campaign for Sustainable Urbanisation. The new campaign will focus primarily on monitoring and advocacy, raising awareness at the global and national levels, of the challenges and opportunities offered by the urbanisation process. Managed from the office of the Deputy Executive Director, the Campaign will serve as a strategic tool to support the implementation of the Medium-term Strategic and Institutional Plan (MTSIP). It will draw on resources from the monitoring, policy analysis, information, media relations and the substantive sub-programmes, to champion policy options that promote sustainable urbanisation. Each of the five thematic focus areas will develop key messages that will inform, as appropriate, global events such as the World Urban Forum, regional Ministerial meetings such as AMCHUD, APAMCHUD and MINURVI, annual World Habitat Day celebrations and advocacy efforts at the national level. New campaigns will be launched directly by UN-HABITAT, or indirectly by partners, in those countries meeting the criteria set forth in the MTSIP.

**Differentiated country strategy**

37. UN-HABITAT will develop, in collaboration with its partners and UN Country Teams, a Differentiated Country Strategy to enhance the international community’s ability to respond to countries in different development contexts and/or at different points along their paths to achieving the human settlements related Millennium Development Goals.

38. The Differentiated Country Strategy will support Governments, either directly or through partners, in the following contexts:

(a) *Urban transition is mature*: while a country may have reached a stable point of urbanisation, there are likely to be important issues to be addressed to ensure cities are economically, socially and environmentally sustainable. For these countries, UN-HABITAT will primarily provide support consisting of advocacy, knowledge management, and policy support.

(b) *Accelerated and chaotic urbanisation*: Countries that are experiencing high urban growth rates and chaotic urbanization processes, very often with urban populations...
that are still relatively low in relation to the total population. Many of these countries have ignored the consequences of rapid urbanisation until relatively recently. As result they lack adequate structures and systems for managing rapid urban growth. UN-HABITAT will provide support in raising awareness and political commitment and engage in policy dialogue leading to policy assessment and reform to address the issues of urbanisation, urban poverty and slum formation.

(c) **Human Settlements in Crisis**: natural disasters or conflicts are the principle contributing factors to the destruction of infrastructure, the disruption of basic services and the breakdown in urban management systems, land and property administration. UN figures show that in 2006 alone, 117 million people have suffered from some 300 natural disasters. While UN-HABITAT is not a life-saving, humanitarian organisation, experience has proven that programmes promoting sustainable relief and recovery must be designed from the onset of an emergency. Despite the often tragic conditions that exist, settlements in crisis also represent opportunities to make significant advances to address human settlements objectives (see box below).

(d) **Countries actively engaged in slum upgrading and prevention**: This includes countries that have demonstrated their commitment to addressing the MDGs, particularly Goal 1 Target 1, Goal 7 targets 10 and 11, and/or seek to prevent the growth of new slums. Depending on the extent of the existing presence of UN-HABITAT or its partners, different levels of engagement will be adopted.

### Sustainable Reconstruction and Recovery

**Meeting the Challenge**: The cost of sustaining displaced persons in conditions of dependency is enormous to the humanitarian community. The average duration of dependency for refugees and internally displaced people (IDPs), according to a recent survey, is 17 years. While many factors come into play, one of the key contributing factors to the duration and the degree of dependency, especially for IDPs, is the lack of consideration for sustainable shelter, basic infrastructure and services, health and educational facilities, and measures for restoring livelihoods during the early phases of emergency relief operations.

**UN-HABITAT’s approach**: UN-Habitat’s unique approach to human settlements in crisis is based on its long-standing experience in working with communities and local authorities to meet their needs for shelter and related services, while addressing the longer-term development needs for land, secure tenure and infrastructure. UN-Habitat fulfils a unique niche in the humanitarian arena as it is the only agency that operates spatially rather than on a sector-specific basis. In this regard, the Agency provides a strategic approach to reducing vulnerabilities and risk both before and after disasters. The key areas of UN-HABITAT’s value added contribution to sustainable reconstruction and recovery include:

- Vulnerability analysis and risk mitigation in pre-crisis settlements;
- Guidelines, norms and technical advisory services for the location of emergency shelter and relocation to reduce operating and transaction costs through location assessment and planning;
- Land and property restitution and mediation to provide the basis for sustainable post-conflict reconstruction and peace-building;
- Integrating efforts in reconstruction with the restoration of livelihoods, including job creation and skills development in human settlements related areas;
- The restoration and strengthening of local governance and management systems for the provision and maintenance of basic infrastructure and services.
39. Regarding those countries confronting the slum challenge (Group [c] above), the 2006 State of the World’s Cities Report identified four broad stages of response:

(a) Awareness and Understanding – this is the first stage of appreciating the scope and scale of the urbanisation challenge marked by political recognition and a commitment to collection of data and information combined with advocacy efforts;

(b) Policy Reform – once political will is confirmed, deeper analysis is required, policy options must be explored and policy dialogue engaged with all stakeholders. This stage often requires a combination of technical assistance, capacity-building and pilot projects to demonstrate the benefits of policy reform;

(c) Institutional Reform – Once the policies are in place, they must be implemented. This usually requires institutional reforms, particularly in such areas as decentralization, land management, financial and fiscal reforms for improved housing and municipal finance. Technical assistance, legal review, demonstration projects and capacity-building are usually required.

(d) Going to Scale – Once the policies are in place and the institutions aligned, domestic resources represent the bulk of the investment required for pro-poor housing and urban development. A sustained commitment to slum upgrading and prevention is in place.

40. The aim of the differentiated country strategy is that, at minimum, support will be sought to ensure that all countries confronting the challenge of slums will be in a position to analyze: urbanisation conditions and trends; the location, scope and scale of urban poverty; the adequacy of housing and urban development policies, legislation and regulatory frameworks; the state of existing poverty reduction initiatives (who, what, where); capacity assessment; and the identification of priority initiatives.

41. UN-HABITAT will support women and youth empowerment programmes and strengthen gender mainstreaming in all its activities and programme in accordance with the UN system-wide gender mainstreaming policy. (See box below).

<table>
<thead>
<tr>
<th>Strengthening gender mainstreaming in UN-HABITAT activities</th>
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<tr>
<td>Gender mainstreaming is defined as “a process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. It is a strategy for making women’s as well as men’s concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality.” UN-HABITAT will develop a time-bound action plan 2008-2013 with performance indicators in order to realise the results and impacts of gender equality and women’s empowerment. This will entail the following:</td>
</tr>
<tr>
<td>• Accountability mechanism will be developed to assess gender mainstreaming at the agency level based on common standards;</td>
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• Result-based management for gender equality will be developed to encapsulate the direct contribution of UN-HABITAT programmes, activities and services to the achievement of gender equality and the empowerment of women.
• Monitoring, evaluation, audit, oversight and reporting to ensure that all staff including senior management is held accountable for their performance in promoting gender equality.
• Human and financial resources will be allocated to facilitate so that expected outcomes can be realistically achieved.
• Capacity building to strengthen and create the necessary competencies for gender mainstreaming.
• Coherence and coordination at the agency level and within the UN system to ensure real impact on gender equality and the empowerment of women.

Establishing UN-HABITAT Country Support Teams

42. Country Support Teams will be established at headquarters to work with UN-HABITAT’s regional offices to provide enhanced normative support to Governments and their national development objectives through country offices and Habitat Programme Managers. Consideration will also be given to apportioning staff time to provide normative support to UN Country Teams and country programmes.

43. A crucial function will be to provide timely support to United Nations Country Teams, consistent with the overall thrust of United Nations Reform. Ad hoc support will be provided upon request by Governments through the Country Teams. This support may be provided directly by UN-HABITAT or by an appropriate partner organisation.

44. On a more regular and systematic basis, UN-HABITAT Country Support Teams will help prepare and support the implementation of national development plans, poverty reduction strategies (PRSPs), within the United Nations Development Assistance Framework (UNDAF).

Reviewing the organisational structure to enhance effectiveness and coherence

45. The present structure of four divisions corresponding to four sub-programmes is considered sufficient for an effective implementation of the MTSIP. However, intra-divisional adjustments will be made to improve alignment and cohesion within and across sub-programmes. Such adjustments will provide greater coherence of effort and alignment of activities to contribute towards the achievement of the MTSIP focus and result areas.

Review of crucial programme management functions

46. UN-HABITAT will also review and, where necessary, strengthen crucial programme management functions such as the Programme Review Committee (PRC), resource mobilization and allocation, monitoring and evaluation, best practices and knowledge management to strengthen the linkages between lessons-learned, resource mobilization and resource allocation. The newly created Output Review Committee (ORC) in the monitoring and evaluation office will be strengthened. Additional information will be provided in the following section describing the Institutional Plan.
D. STRATEGIC PLAN

47. The key elements of the MTSIP are the Focus Areas, corresponding Result Areas and Indicators of Achievement. They have been determined on the basis of several important considerations.

(a) The first consideration is the target dates for Goal 7 Targets 10 and 11 on water and sanitation and improving the living conditions of slum dwellers. Meeting these targets will require, at a minimum, the wide-spread adoption by Member States of pro-poor, gender and age-sensitive urban policies and slum upgrading strategies by 2013, and the mainstreaming of urban poverty reduction within the context of national development priorities and budgetary allocations;

(b) The second consideration derives from Paragraph 56(m) of the 2005 World Summit Outcome and the need to take urgent measures to prevent the future growth of slums, particularly in light of recent findings on the scale and pace of slum formation and urban poverty that will have a profound impact on the overall attainment of internationally agreed development goals.6

48. The above considerations will influence the way in which UN-HABITAT works in several ways. The planning period will entail a progressive shift by the Programme towards greater emphasis on its catalytic role in supporting national policy reform, capacity building and partnerships in support of MDG 7 Target 11 on slum upgrading while maintaining a strong focus on Target 10 on water and sanitation as a key entry point for improving the living conditions of slum dwellers.

49. Major emphasis will be placed on establishing new partnerships and strengthening existing ones to develop and pioneer innovative financing tools and instruments in support of affordable housing, slum prevention, and the provision of basic urban infrastructure and services. Key supporting areas of focus in this endeavour will be land use planning and management as a critical component of slum prevention and inclusive urban governance.

50. UN-HABITAT will focus more sharply on its comparative advantages that enable it to make a distinct contribution to national capacity building in both regular and post-disaster and post-conflict situations. These include a holistic and inter-sectoral approach to land, housing and property rights; facilitating policy dialogue and multi-stakeholder cooperation and alliances; and working directly with local authorities and communities.

51. Major emphasis will be placed throughout the plan period on the alignment of existing programmes and modes of intervention at the country level in line with system-wide coherence and reform to strengthen UN-HABITAT’s normative contribution at the country level and to ensure the scaling up of programme delivery in achieving tangible and sustained results.

52. One of the implications of the MTSIP will be the reduction, where appropriate, of support to smaller-scale project activities and one-time programme interventions. This will contribute to greater efficiency and reduced transaction costs.

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**Results-based management, monitoring and reporting**

53. The MTSIP matrix provides the basis for improved results-based monitoring, reporting and management. The resources, competencies and activities of the Global Programme for Sustainable Urban Development and the Global Campaign for Sustainable Urbanisation will align and converge their respective efforts on pilot initiatives and countries demonstrating commitment and political will to address urbanisation issues and to mainstream urban poverty reduction. Key indicators of achievement for the planning period include the integration of urban issues and urban poverty reduction in national development priorities and frameworks, national and local budgetary allocations for slum upgrading and the delivery of basic urban infrastructure and services, matching funds and assistance from international financial institutions and donors, and strengthened public-private-community partnerships for scaling up and replication.

54. Similarly, global monitoring, research and reporting activities, including flagship reports, will be aligned throughout the plan period with the priorities of the MTSIP and with capacity building efforts to improve country level knowledge, data collection and analysis to inform national policy-making and resource allocation. Country-level programming, within the context of UN Country Teams, will stress the importance of incorporating national and local level data collection and analysis as a critical means and contribution to national policy development and planning.

55. Programme coordination and performance assessment will be improved by: (a) strengthening the ex-ante evaluation role of the Programme Review Committee to ensure alignment and cohesion with the focus areas and result areas of the MTSIP; (b) strengthening ex-post evaluation by focusing on fewer, high-quality and in-depth evaluation studies to assess effectiveness and lessons learned and the establishment of the Output Review Committee (ORC) both for quality control and knowledge sharing; (c) identifying, analysing and disseminating best practices in achieving MTSIP targets, and (d) strengthening national evaluation, monitoring and reporting capacities to integrate lessons learned and provide feedback to decision making processes.

**Partnering for success**

56. The urban poverty challenge, with 1 billion slum dwellers projected to rise to more than 1.3 billion by 2020, will require a concerted approach by all Habitat Partners. While the primary responsibility for implementing the Habitat Agenda and achieving the human settlements related MDGs lies with Governments, local authorities, civil society organisations and the private sector each have their comparative advantages and critical contributions to make in the thematic focus areas of the MTSIP. UN-HABITAT will seek to further strengthen its working relations with these partners and with other UN agencies to build strategic coalitions for the coordinated implementation of the MTSIP. A set of guidelines containing principles and modes of collaboration for working with key partners outside the UN system are contained in Annex I of the MTSIP, the highlights of which are briefly described below.

- **Local Authorities:** Since the adoption of the Habitat Agenda in 1996, local authorities have been the most active partners in the work of UN-HABITAT, both as the sphere of government closest to the people and as the principle actors responsible for the
provision of basic services, for spatial and land-use planning, and regulating construction. This long-standing partnership has resulted in, inter alia, the representation of local authorities in the governing body of UN-HABITAT and in several joint initiatives including Guidelines on decentralisation and access to basic services. UN-HABITAT will continue to work closely with international, regional and national associations of local authorities to further its normative agenda in the key areas of urban governance and management, and participatory planning.

- **Civil society organisations (CSOs):** CSOs have a primary role to play in articulating the needs and aspirations of the urban poor. Their comparative advantage is their proximity to the urban poor and, in the case of slum dwellers’ associations, their presence on the ground and their involvement in furthering the “right to the city”. At the global level, UN-HABITAT will strengthen and further develop its working relations with CSOs to give them space to have their voices heard and to lend legitimacy to their activities in support of a rights based approach to land, housing and basic services for the urban poor. Particular emphasis will be placed on umbrella NGOs, academic and scientific institutions, and professional associations in furthering the advocacy and monitoring components of the MTSIP. At the national level, UN-HABITAT will continue to push for the active participation of CSOs in policy dialogue and development.

- **The Private Sector:** The private sector represents the single biggest source of investment in housing and urban development. They are key players in terms of infrastructure development, the construction industry, and finance. Their long-term interests include a more enabling environment for productive investment as well as a more efficient marketplace. UN-HABITAT will establish business partnerships with entities that are committed to socially responsible corporate behaviour in the key areas of infrastructure development, the provision of basic services, and in expanding market response for pro-poor housing finance.

- **Other UN Agencies:** UN-HABITAT will place emphasis on its role as the focal point for the coordinated implementation of the Habitat Agenda and for the monitoring of MDG Goal 7 Target 11. This will involve many other UN Agencies that have sectoral mandates. Particular focus will be placed on those agencies working on land, water and sanitation, the delivery processes for pro-poor infrastructure and urban services, and the environment. Working relations with these UN agencies will be subject to coordination fora to take place periodically in conjunction with events such as the World Urban Forum and with the monitoring and reporting processes of the outcome of relevant UN Conferences and Summits coordinated by ECOSOC.

**The Habitat and Human Settlements Foundation - innovation in pro-poor housing finance**

57. The current slum challenge and urban housing crisis affecting more than 1 billion people in developing countries and economies in transition is a crisis in affordable housing. The key determinants to the affordable housing equation can be summarized as follows:

- **Income and willingness to pay:** percentage of net earnings, savings and other forms of wealth (assets) that can be devoted to housing solutions (rental or purchase), also function of fiscal and financial policies, urban management and governance systems...
- **Cost of land and construction**: as determined by land markets, land tenure systems and building norms and standards
- **Basic infrastructure and services**: including water and sanitation, transport and energy, health and education, as determined by planning and regulatory policies of central and local government authorities and practices of service providers
- **Credit**: cost of money including interest rates and loan conditions

58. Since the Habitat II Conference in 1996 and the Millennium Declaration in 2000, the UN system has focused its work on three of these determinants, namely job creation, land and property rights for the poor, affordable planning and construction standards, and pro-poor basic infrastructure and services.

59. The lack of integration of the credit determinant has severely limited the effectiveness of system-wide response. It has limited system-wide capacity to develop and apply comprehensive models and systems for dealing with the slum challenge/housing crisis. Where successful models and systems have been developed and implemented, it has constrained the ability of the system to engage public and private actors and institutions at the global and national levels to go to scale, through demonstration effects.

60. It is estimated that some US$ 20 billion would be required annually during the period 2005 to 2020 to achieve MDG 7 Target 11 and to prevent the future formation of slums. The sheer scale of this challenge far outstrips the current levels of private and public investment in housing and infrastructure in most developing countries. The solution to this challenge lies in the successful mobilisation of domestic capital and in leveraging the estimated US $5 billion provided annually by official development assistance to the urban sector. A related challenge is that of targeting. Current financing models and systems of the commercial sector are designed to meet the needs of “middle-class” borrowers and are not accessible by the urban poor. New financial instruments, products and innovative packaging are required to make large-scale slum improvement and pro-poor housing and infrastructure projects “bankable”, i.e. attractive to domestic sources of capital.

61. It is against this background that the General Assembly called for the revival of the UNHHSF as part of the overall strengthening of UN-HABITAT to enhance its contribution to the coordinated implementation of the Habitat Agenda. The promulgation of the revised financial rules of the UNHHSF by the Secretary General provides the overall principles and framework for enhancing the effectiveness of system-wide response to the slum challenge.

62. The UNHHSF was established in 1974, as an outcome of the 1972 Stockholm Conference on the Environment, in order to assist with the financing of the orderly and sustainable development of urban growth, seen at that time to be one of the greatest environmental and humanitarian issues facing mankind. This is still the case today and the lack of pro-poor housing finance systems remains the greatest stumbling block to mainstreaming and up-scaling slum upgrading and affordable housing programmes for the urban poor. General Assembly resolution 56/206 of 2001 specifically entrusted UN-HABITAT with its revivalisation. Subsequently, the Rules of the Foundation have been up-dated and were promulgated by the Secretary General on 1 August 2006.
63. Progress has been made since 2001 with the creation of the UN-HABITAT Human Settlements Financing Division, and its Slum Upgrading Facility conceived as a pilot methodology for the revitalised Foundation, and the Water and Sanitation Trust Fund. The experience of both the Slum Upgrading Facility and the Water and Sanitation Trust Fund has shown that UN-HABITAT’s comparative advantage lies in its ability to convene all spheres of government, associations of the urban poor, service providers and operators, micro-credit facilities, donors, regional development banks, and other IFIs to leverage their respective resources. It does so by playing a leadership role in policy setting and negotiations, and by providing pre-investment technical and advisory services for the scaling up pro-poor pilot projects and programmes in housing and basic services. The key obstacles remaining are: (i) the inability of micro-credit facilities to provide the medium to long-term financing required for land acquisition and development; and (ii) the lack of appropriate instruments to match the credit demand by the urban poor with formal sector lending exigencies.

64. It is envisaged that Loan Funds and Revolving Funds will be introduced in a phased approach, as follows:

(a) **Phase I (2007-2009):** Establishing the institutional framework and capacity for the Foundation to undertake its roles and responsibilities with regard to the loan and revolving fund operations expected under the Rules. In parallel, and building on the experience of the existing SUF Operations, run a field testing programme of initial Foundation-type operations to refine the Operational Procedures and Guidelines on the basis of lessons learned.

(b) **Phase II (2009-2011):** Broader development of Foundation pre-investment packages and building a portfolio of projects with Habitat Partners as a proving ground for the process. In parallel, to select a basket of projects to be considered for the Foundation to take to the Inter-Governmental Banking Community and other willing donors for re-financing under the New Rules of the Foundation to test the procedures that will be involved, and reporting on progress to GC 23 in 2011.

(c) **Phase III (2011-2013):** From the recommendations made by GC 23, to embark on the full mandate of the Foundation as envisaged by the new Rules and to scale up operations in view of the attainment of the human settlements related goals and targets of the Millennium Declaration.

65. The phased approach, together with the experience from SUF, will enable UN-HABITAT to fully develop its catalytic role within the wider finance community. The key aspect for the MTSIP will be the ways in which UN-HABITAT will bring the key messages and lessons learned of the new, broader availability of credit for slum upgrading and low-income housing to municipalities and community groups alike.

### Prototype Lending Products

Three types of “lending products” are envisaged by the UNHHSF. All three are designed as pre-investment packages, including technical assistance, capacity and confidence building support, to mobilise domestic capital and private sector investment in pro-poor housing and urban development. They include:

(i) **Loan guarantees:** conceived as an instrument to reduce the level of perceived risk by private sector investors and financial institutions in broadening their clientele to include low-income households and community groups;
(ii) **Seed capital**: conceived as an instrument to reduce the burden of down-payments by the urban poor and to help overcome the start-up phase “hump” in pro-poor housing programmes and projects. Seed capital could also take the form of pilot development finance where circumstances demand;

(iii) **Equity share or stake**: a minority stake, typically ranging from 2 to 5% of project costs, conceived as a confidence-building measure through the direct participation of the UNHHSF or a credible third party, acting as a neutral advisor and mediator in the decision-making structure and process of a large scale pro-poor urban development project or programme.

All lending operations would be channelled through appropriate financial intermediaries.

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**One Habitat - a communication, branding and advocacy strategy**

66. An over-riding feature of the MTSIP is improved communication – with the broader public both nationally and internationally, with governments and donors, with civil society, especially the Habitat Partners, and internally within UN-HABITAT and the UN system. A far greater emphasis will be placed on new modes for expressing the value and the imperative of UN-HABITAT messages, leading towards working methodologies for Sustainable Urbanisation. This will include more visibility through global media coverage using film and video, improved publication and exhibition-type outreach, and intensive use of ICT. Internally it will focus on the One Habitat approach knitting together all the evidence base of the organisation.

67. The **communication goal** for the Plan period will be for the Sustainable Urbanisation message to be adopted by national governments, their local governments and civil society, and the international development cooperation that supports their endeavours. This is UN-HABITAT’s normative function and is exercised through broad advocacy based on the collective evidence presented through its flagship reports – The Global Report on Human Settlements and The State of the World’s Cities Report – bringing all the technical expertise together within a unified Global Campaign process.

68. The **immediate goal** is to improve communication of UN-HABITAT’s normative goals and operational successes to render UN-HABITAT more visible at the global and national levels, to promote the relevance of the MTSIP to the attainment of the MDGs within the UN system, and to broaden UN-HABITAT’s appeal in support of its resource mobilisation strategy. The key components of the strategy include:

(a) **The Global Campaign on Sustainable Urbanisation**: The Global Campaign for Sustainable Urbanisation will spearhead the One Habitat communication and advocacy strategy by delivering a consistent set of messages to, inter alia, the annual World Habitat Day, the regional ministerial meetings for housing and urban development, the World Urban Forum, the theme papers and high-level segments of the Governing Council and other special events, including those organized by key partners such as the United Cities and Local Government (UCLG). A new development for the Global Campaign is its integration with the Focus Area 1 on Advocacy, Monitoring and Partnerships in popularizing the key issues and trends resulting from global monitoring.

(b) **Business-to-client communications**: Flagship reports, the annual report, technical publications, occasional papers, brochures, videos and exhibition material will adopt a
systematic “look and feel”. The One Habitat concept will entail that the substance of all outreach material be specifically linked to the Focus and Result Areas of the MTSIP throughout the Plan period. Emphasis will be placed on success stories, documented best practices and good policies. Selectively, ineffective practices will also be analysed to avoid the repeat of such mistakes.

(c) Business-to-business communications – UN system: A new development for the plan period will be a systematic communications strategy to be implemented in conjunction with other UN agencies. This strategy will focus on partnerships and coalition building through cross-referencing of results, success stories, joint programmes and processes in the Focus and Result Areas and emphasize UN-HABITAT’s coordinating and catalytic role.

(d) Business-to-business communications – Habitat Partners: Another new development for the plan period will be the implementation of a Habitat Partners’ strategy based on the comparative advantages and value added of different partners based on their effective contribution to the Focus and Result areas of the MTSIP. A starting point will be joint reporting and mutual cross-referencing of websites to be extended to joint reporting.
E. INSTITUTIONAL PLAN

Achieving management excellence in support of the MTSIP

69. The MTSIP will progressively introduce significant improvements in management systems and tools to further enhance results-based management and help construct a “One-Habitat” culture. These improvements fall under three categories: (i) “quick-fix” changes that can be implemented by UN-HABITAT alone; (ii) medium-term changes that require a combination of external expertise, training and re-tooling; and (iii) changes that depend on system-wide reform as well as other partners, including working arrangements with UNON. They address the issues of:

(a) Programme alignment and cohesion
(b) Knowledge management
(c) Programme monitoring and reporting
(d) Resource mobilization and allocation
(e) Human resources management
(f) Administrative efficiency and delegation of authority
(g) Organisational culture and branding

Programme alignment and cohesion

70. Improvements in programme alignment and cohesion are designed to forge linkages and synergies between global and country-level activities, to overcome the so-called “normative-operational divide”, and to enhance results-based management. They involve:

- Alignment of medium-term organisational results with results-based budgeting and the biennial work programme and budget process,
- Harmonization of policies and processes for project design and approval,
- Resource allocation and sharing between different programmes to support high impact results at the country level.

71. Besides the creation of a single Global Campaign and a single Global Programme mentioned in paragraph [18] above, other short-term measures include the:

- Strengthening of the role and working methods of the Programme Review Committee (PRC) as an ex-ante evaluation and approval mechanism to ensure alignment and cohesion in programme design and delivery. All new initiatives beyond a certain threshold will be subject to interdivisional consultations, internal sub-contracting and division of labour, and sharing and leveraging of resources prior to submission to the PRC and to the ORC for ex-post evaluation and knowledge sharing;
- Establishing criteria for selecting pilot countries and interventions for aligning: (i) global data collection, analysis, monitoring and reporting on the state of sustainable urbanisation; (ii) convergence of programme interventions with efforts by global partners at country level; and (iii) initiating new UN-Habitat interventions.

72. Medium-term changes include:

- The strengthening of the role and capacities of Habitat Programme Managers (HPMs) at the country level to engage in forward-looking planning and to play a more active role in supporting UN-Habitat interventions in a timely and rational
manner within the framework of country programmes and strategies. HPMs are also the means for UN-HABITAT to become part of the One UN Country Teams proposed by the High-level panel for improving coherence under the UN system-wide reform.

- The formulation of multi-year country programmes for pilot countries and countries with large technical cooperation projects. The Regional Offices, in close coordination with country desks at headquarters, will be empowered to coordinate programme interventions at the country level and to call upon all organisational units to provide timely inputs to maximize impact and the achievement of results.
- The alignment of Flagship Reports, WHD and WUF dialogues, Ministerial meetings and Habitat Debate themes with the Focus Areas and Result Areas of the MTSIP.

Knowledge management and information sharing

73. Knowledge management and information sharing were identified by staff and senior management as key contributing factors to building a learning organisation and as a further means of strengthening cohesion and effectiveness. A key objective during the MTSIP period will be to generate and make use of knowledge and lessons learned from field experiences. This will include the in-depth documentation and wide dissemination of good and best practices, results and lessons learned, and their transferability as part of the evaluation process of selected country-level activities and pilot interventions.

74. Another area of focus will be the mainstreaming of lessons learned from documented best practices and policies as a means of promoting evidence based arguments for policy change and reform at the national level.

75. Short-term measures to be implemented include:
- Quarterly meetings of the SMB devoted to sharing of lessons learned, the review of progress in achieving organisational targets, and the forward planning of key areas of intervention and missions;
- Mission report format to be realigned with the focus areas of the MTSIP;
- Partners’ database to be refined to include information on areas of competence, role and contribution to the focus areas of the MTSIP;
- Creation of country and city folders on the Intranet to share programme activities and results and to review opportunities and constraints for implementing the organisational targets of the MTSIP.

76. Medium-term measures to be implemented include:
- The consolidation of various programme outcomes, evaluation reports, studies and assessments into a single country strategy and knowledge management framework to provide feedback to activities at the global level and to the development of normative tools and instruments;
- The promotion of good and best practices, results and lessons learned as an integral part of the agenda of World Urban Forum, the Flagship Reports and other publications of UN-Habitat, and as a basis for engaging in policy dialogue and consultations with governments and Habitat Agenda partners.

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7 The mainstreaming of best practices was one of the recommendations of the OIOS in-depth programmatic assessment of UN-Habitat undertaken in 2004 and subsequently endorsed by the CPC.
Programme monitoring and reporting

77. The need for strengthening UN-Habitat’s monitoring and evaluation functions were identified and acknowledged by previous reviews and are the subject of specific recommendations and resolutions of the Governing Council. Besides strengthening the monitoring and evaluation unit and establishing the ORC, each division within the programme will prepare quarterly reports on progress in the implementation of the five focus areas of the MTSIP. The quarterly progress reports will constitute the basis for monitoring performance in implementing the MTSIP as well as in preparing mandatory reports to, inter alia, ECOSOC, the General Assembly and the Governing Council.

78. Medium-term improvements include the establishment of an integrated programme monitoring, evaluation and reporting system, and focusing monitoring and evaluation activities on fewer activities so as to deepen the analysis to include lessons learned from experience and best practices in implementing the MTSIP.

Resource mobilization and allocation

79. As per the recommendations of the Governing Council, UN-Habitat is preparing a comprehensive resource mobilization strategy. The key elements of the strategy will be to maintain and widen the donor base of UN-Habitat, correct the imbalance between earmarked and non-earmarked contributions, and explore non-conventional funding sources including the private sector. The promulgation of financial rules and regulations for the UNHHSF by the Secretary General and the development and endorsement of operating procedures by the Governing Council is considered instrumental in creating a base for a more enhanced resource mobilisation strategy. The objectives of the strategy are to:

- Secure more predictable multi-year funding for the implementation of the MTSIP;
- Secure funding for the start-up costs of the management systems and tools required to enable UN-Habitat to effectively implement results-based management in support of the implementation of the MTSIP;
- Mobilise resources for seeding operations and revolving fund activities of the UNHHSF.

80. Short-term improvements and changes include:
- Creating a donors’ database with amounts raised according to Focus Areas of the MTSIP
- Establishing a resource mobilization team
- Aligning the Job Description for Resource Mobilisation Manager with MTSIP
- Establishing policy guidelines on resource mobilization and allocation.

81. Medium-term changes include:
- Implementing cost accounting across the Programme as an integral part of results-based management. Cost accounting will be a pre-requisite for the Habitat and Human Settlements Foundation to engage in borrowing and lending activities. Its

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8 This section of the report will be strengthened by the inputs on the Resource Mobilisation Strategy
9 The current Resource Mobilisation Task Force charged with preparing the Resource Mobilisation Strategy will be transformed into the Resource Mobilisation Team
implementation should, however, be accelerated to enhance transparency, accountability and timely financial reporting and cost analysis.

- Implementing transparent processes and procedures for allocation of funding between Focus Areas of the MTSIP, including the use and sharing of overhead funds as a measure for furthering alignment and cohesion.
- Preparing funding packages for presentation to donors focusing on Focus Areas and Result Areas of the MTSIP.

**Human Resources Management**

82. The substantive areas of focus and the organisational targets of the MTSIP will require progressive changes in human resources management. The Focus Areas of the MTSIP and their emphasis on pro-poor housing and urban development policies and programmes at the national level, pioneering innovative housing and municipal finance, and planning will require the recruitment of new staff to fill existing knowledge, skills and competency gaps. There are also plans to take advantage of proposals for a one-time staff buy-out foreseen under the framework of UN system-wide reforms.

83. Similarly, the improvements in management systems, tools and culture required for the effective implementation of the Plan will require upgrading of existing staff skills and competencies and nurturing changes in culture and behaviour to effectively implement results-based management; integrated monitoring, evaluation and reporting; cost accounting and reporting. Short-term improvements include:

- Inclusion of ICS (GS) staff in regular consultations and meetings on the MTSIP
- Mainstreaming the MTSIP and its Focus and Result Areas in all terms of reference and job descriptions
- Establishing an induction training programme for all new staff

84. Medium-term changes include:

- Aligning the recruitment of new staff with the Focus Areas of the MTSIP, with particular emphasis in two areas: (i) socio-economic analysis to respond to the focus of the MTSIP on providing value added support at the country level in policy development, knowledge generation and advocacy; and (ii) finance systems to respond to the focus areas on affordable housing, the financing of housing and basic urban infrastructure and services.
- Linking the voluntary/obligatory staff mobility policy with revised Job Descriptions aligned with MTSIP;
- Linking the Performance Appraisal System with focus areas of the MTSIP;
- Aligning UNON staff training with requirements of results-based management and the MTSIP;
- Implementing a systematic leadership training programme for task managers, programme and campaign managers and senior managers.

**Administrative efficiency and delegation of authority**

85. Independent process assessments are currently being undertaken in the areas of workflow analysis, delegation of authority, and working arrangements with UNON. The proposed short and medium-term improvements listed below derive from in house staff consultations and will be further elaborated pending the outcome of these assessments.
86. Short-term improvements include:
   - Establishing operational and procedural guidelines and manuals and ensure compliance through training and monitoring
   - Streamlining key procedures and approval processes in conjunction with delegation of authority and accountability

87. Medium-term changes include the review of delegation of authority and accountability on the basis of independent assessment to be undertaken by external consultants on resource mobilization and allocation procedures and processes. Levels of authority to be determined on basis of seniority and responsibility and managers to be held accountable.

**Organisational culture and branding**

88. Building a “One-Habitat” culture is a key determinant to realising the organisational alignment, convergence and results-based approach required for the successful implementation of the MTSIP, to broadening UN-Habitat’s appeal and effectiveness in carrying out its advocacy role and function, and to realising the objectives of its resource mobilisation strategy.

89. A key first step will be to maintain the momentum acquired in the preparation of the MTSIP and to instil and maintain a culture of change throughout the Plan period. The above paragraphs identify and provide for the introduction of changes in systems and tools as pre-requisites for the effective implementation of a results-based MTSIP. More detailed changes and improvements will be proposed, pending the outcome of independent assessments, as reinforcing measures to improve customer focus, service quality and consistency, collaborative work practices and information sharing. Key areas of improvement include enhanced ICT support for information management and sharing and collaborative work practices, incentives and recognition systems for contributing to programme alignment and convergence, and a consistent interface and external communications strategy for all meetings, conferences, publications and event organisation and promotion.

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10 This section will be further developed pending the outcome of a special study on knowledge sharing and communication strategy.
F. RESOURCE IMPLICATIONS AND RESOURCE MOBILISATION STRATEGY  
(tentative outline)

- Analysis of the existing situation in terms of funding base, imbalance between earmarked and non-earmarked contributions

- Resource Implications of implementing the MTSIP and desired level and distribution of funding: core resources, earmarked resources and Foundation resources

- Measures in support of the implementation of the MTSIP
  - Filling the core resource gap and striking a balance between funding for normative and operational activities
  - Extra-ordinary contributions for implementing management systems and tools to build trust and confidence leading towards more predictable multi-year funding and an assessed contribution scale
  - Tapping non-conventional funding sources including the private sector and public appeal

- Capitalising the UNHHSF to fulfill its catalytic role in support of the attainment of the human settlements related MDGs