Medium Term Strategic and Institutional Plan for 2008-2013
Results-based Framework

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 corporate 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.

The MTSIP is, however, far from being just an internally driven process. It represents UN-HABITAT’s response and contribution to UN system wide reform and coherence. It is informed by a relentless analysis of public sector management improvement and excellence. It aims to reduce transaction costs and improve aid efficiency. It is driven by a deep commitment to pre-investment capacity building at the country level and to partnerships, within the UN system, amongst our existing Habitat Agenda partners, and with new partners, particularly with the private sector.

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.
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EXECUTIVE SUMMARY

UN-HABITAT’s six-year Medium Term Strategic and Institutional Plan (MTSIP) for 2008-2013 is designed to support member states in meeting the challenges of rapid urbanisation, urban poverty and slums. The Plan is informed by an in-depth analysis of emerging trends and patterns of urbanisation, slum formation and urban poverty, and constitutes UN-HABITAT’s contribution to UN system-wide reform and coherence.

A goal, a vision and indicators of success

The overarching and long-term goal of UN-HABITAT is sustainable urbanisation created by cities and regions that provide citizens with adequate services, security and employment opportunities while limiting their ecological footprint. The strategic vision for the MTSIP is to help create, by 2013, the necessary conditions for international and national efforts to stabilize the growth of slums and to set the stage for the reduction in urban poverty and the reversal of the number of slum dwellers. Key indicators of success of the MTSIP are:

(i) The number of countries and partners engaged in monitoring and reporting on key urbanisation trends including urban poverty and slums;
(ii) The number of countries having integrated urbanisation and urban poverty issues in their respective national development plans, PRSs and CASs;
(iii) Increased Official Development Assistance (ODA) flows for pro-poor housing and urban development;
(iv) Increased private sector investment in and national budgetary allocations for urban infrastructure and housing development, including transfers and other forms of support to local authorities;
(v) The empowerment of slum dwellers and the urban poor through improved access to credit for housing and to basic urban infrastructure and services with a strong gender and youth focus.

The Plan is designed to strengthen response to the expectations of governments and of the international community by building on UN-HABITAT’s comparative advantages. These include: (i) a combined normative and operational approach to urbanisation; (ii) a recognized capacity to bring all spheres of government and civil society together to engage in policy dialogue and participatory planning and social organisation; (iii) a long-standing partnership with local authorities in promoting sustainable urban development; and (iv) its technical expertise in such areas as land and property administration; urban environmental management; participatory planning; risk and vulnerability reduction and bridging relief with sustainable recovery and reconstruction; urban safety and security; and urban governance.

The plan’s strategic components

The key strategic elements of the MTSIP are: (i) its focus areas, corresponding result areas and indicators of achievement; (ii) an enhanced normative framework for global and country level activities; and (iii) partnering for pre-investment capacity building and going to scale. These strategic elements are closely linked to MDG Goal 7, Targets 9, 10 and 11 on sustainable development, water and sanitation and slum improvement.

Focus Areas
UN-HABITAT will concentrate on six mutually reinforcing focus areas. These areas are:

- Advocacy, monitoring and partnerships
- Participatory urban planning, management and governance
- Pro-poor land and housing
- Environmentally-sound and affordable basic infrastructure and services
- Strengthening human settlements finance systems
- Excellence in management

**Enhanced Normative Framework at the country level**

The need for more effective country support has been identified as a priority by the Paris Declaration and by the United Nations Reform process. UN-HABITAT will use an enhanced normative framework to package: (i) a robust monitoring, advocacy and communications strategy to raise awareness and political commitment to address the challenges of rapid urbanisation, urban poverty and slums; (ii) technical advisory and capacity building support for policy and institutional reform in the key areas of land and housing, infrastructure and basic services, and planning and finance; and (iii) pre-investment programming and resource mobilisation in collaboration with Habitat Agenda partners to bring pilot initiatives to scale.

**Partnering for going to scale**

Given the magnitude of the challenge, operationalising the MTSIP requires a more systemic approach to partnerships and networking. Major emphasis will therefore be placed on UN-HABITAT’s catalytic role in working with and supporting the efforts of other UN bodies, the Habitat Agenda partners, Habitat professional bodies, international and domestic financial institutions, urban service providers, and knowledge networks. Additional emphasis will be placed on new partnerships and strengthening existing ones to develop and pioneer innovative financing tools and instruments, including reimbursable seeding operations and revolving funds, to support affordable housing, slum prevention, and the provision of basic urban infrastructure and services.

**The plan’s institutional components**

The key institutional components of the Plan are designed to achieve management excellence. They include: (i) Results-based Management, including an integrated knowledge management, monitoring and evaluation system; (ii) organisational adjustments to strengthen alignment and cohesion; (iii) a resource mobilisation and communication strategy; and (iv) human resources management.

The outcome is for UN-HABITAT to become by 2013: (i) a premier reference centre for data collection, analysis, monitoring and reporting on sustainable urbanisation; (ii) the first port of call for pro-poor urban development policy, ideas and strategies; and (iii) a key player in innovative financing mechanisms for affordable housing, basic infrastructure and services.

Key organisational adjustments include a new Global Campaign for Sustainable Urbanisation to spearhead policy and advocacy work at the global and regional levels, improved internal programme approval processes to ensure alignment and cohesion in programme design and delivery, and the strengthening of the Human Settlements Financing Division to forge
partnerships with international and domestic financial institutions. Other changes include the strengthening of UN-HABITAT’s capacity at country level to better support efforts by member states in attaining the human settlements related MDGs, especially in UN Pilot Countries as part of UN system-wide reform.

The key elements of the resource mobilisation strategy are 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 sharpened focus and the organisational targets of the MTSIP will require progressive changes in human resources management. Substantial efforts will be made in training and in the alignment of recruitment with the objectives of the MTSIP.

**Assessing progress**

The MTSIP is accompanied by a set of result areas and indicators of achievement. These will constitute the principal benchmarks for assessing progress and for subsequent adjustments to the plan. A peer-review mechanism, comprised of a cross section of Habitat Agendas partners, will provide independent assessment of the implementation of the MTSIP. It will report, through the Executive Director, to the Governing Council at its 22nd and 23rd sessions, coinciding with the adoption of the work programme and budget cycles of UN-HABITAT.

**Resource implications and resource mobilisation**

The estimated resource requirements of the MTSIP are US$ 350 million over six years. It is expected that these resources will leverage a further US$ 3 billion in public and private investment in pro-poor housing and urban development. The implications for the 2008-2009 work programme and budget are: (i) an increase of US$ 15 million in the budget for 2008-2009 including a one-time soft earmarked contribution of US$ 10 million to kick start the MTSIP and to mainstream Results-based Management in 2008, US$ 5 million to be raised through the resource mobilisation strategy for 2009; and (ii) a 20 percent internal re-alignment to match existing human resources with the MTSIP.

**Conclusion**

Is our vision credible? Can UN-HABITAT become a vigorous catalyst? Can we help stabilize the chaotic aspects of rapid urbanisation and begin to reverse the trend of the urbanisation of poverty, deprivation and social exclusion, and deliver cities without slums as envisioned in the Millennium Declaration? Can our goal of sustainable urbanisation be an economic and environmental asset for peace, stability and sustainable development? Over one billion fellow citizens are counting on it.
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. Urbanisation is a strong force that generates economic growth, social and political advances, and technical and scientific progress. Poorly managed, urbanisation can become a chaotic process that generates social exclusion and poverty. It also results in uncontrolled urban sprawl, pollution and unsustainable consumption of land, water and other natural resources which, 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 deprivation. 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.

**Box 1: The urbanisation of poverty, slums and the MDGs**

Although the majority of the urban poor live in slums, not all slum dwellers belong to the category of the income poor. People live in slums primarily because they have few viable or affordable housing alternatives. Yet living conditions in most slums represent degrees of deprivation that are both life threatening and an insult to human dignity. The combination of high densities of occupation, the absence of basic services, and the lack of security are key contributing factors to poor health, nutrition and levels of education; the spread of disease; and violence. Unemployment, especially among the youth, makes slum dwellers particularly vulnerable to drugs and prostitution, and thus to the propagation of HIV/AIDS. Slum dwellers are also more vulnerable than other segments of society to the income poverty trap. They pay higher prices than other urban dwellers or the rural poor for food, water and energy. They suffer higher risks from natural and human-made disasters and evictions.

In this context, slum improvement and slum prevention policies and strategies constitute a major contribution to the attainment of the MDGs. The clearly identifiable location and concentration of slums within the urban fabric provide a unique opportunity for realizing multiplier effects where, for example, investments in water and sanitation contribute to immediate improvements in health, nutrition, environmental protection, disease prevention and poverty alleviation.
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 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, where it has been effective, 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 the 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 (MDGs) will be won or lost in cities.

7. Sustainable urbanisation 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, planning 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;
• Enforceable 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 urbanisation 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 urbanisation globally, developing policy guidelines, disseminating knowledge and best practices, and implementing new approaches to pro-poor housing and sustainable urban development.

Comparative strengths and advantages

11. The MTSIP is designed to respond to the expectations of governments and of the international community by building on UN-HABITAT’s strengths. These include:
• A combined normative and operational approach to urbanisation;
• A holistic and dynamic approach to human settlements based on a spatial and temporal rather than a 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.

12. These strengths form the basis of UN-HABITAT’s unique comparative advantage in applying a bottom-up and evidence-based approach to developing pro-poor norms, standards and innovative financial mechanisms in support of the attainment of human settlements related MDGs.

**Box 2: 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 divisions, and a Programme Support Division. The ensuing period from 2002 to 2005 witnessed rapid growth and innovation of the Programme 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, offering a unique opportunity to consolidate recent gains and to build 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**

13. The organisational challenges 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 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 excellence**: 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.

14. 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, strategies, tools and institutional arrangements. 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.

15. 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 mobilisation strategy
- Resource Implications
B. OVERARCHING GOAL, VISION AND INDICATORS OF SUCCESS

Overarching goal and vision

16. 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 and ecologically sound growth that is people centric and embraces social harmony, economic vitality, and environmental sustainability.

17. 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 in and reversal of the number of slum dwellers.

Indicators of success

18. The broad indicators of success of the MTSIP over the plan period are:

(vi) The number of countries and partners engaged in monitoring and reporting on key urbanisation trends including urban poverty and slums;
(vii) The number of countries having integrated urbanisation and urban poverty issues in their respective national development plans, PRSs and CASs;
(viii) Increased Official Development Assistance (ODA) flows for pro-poor housing and urban development;
(ix) Increased private sector investment in and national budgetary allocations for urban infrastructure and housing development, including ad hoc transfers and other forms of support to local authorities;
(x) The empowerment of slum dwellers and the urban poor through improved access to credit for housing and to basic urban infrastructure and services, with a strong gender and youth focus.

Box 3: Sustainable urbanisation and climate change

It is no coincidence that climate change has become a leading development issue at the same time as the world is becoming predominantly urban. Urbanisation brings about irreversible changes in production and consumption patterns. For example, 75 percent of global energy consumption occurs in cities and 80 percent of greenhouse gas emissions come from urban areas. Roughly half of these emissions result from the use of fossil fuels for urban transport; the other half from energy use to drive our offices, industries and appliances. Climate change and urbanisation are inseparable.

Sustainable urbanisation recognizes that cities and urban residents are not only the victims of climate change, but that they are also part of the problem and must therefore be part of the solution. Sustainable urbanisation is about reducing the ecological footprint of cities. This can be achieved through more rational use of natural resources such as land, water and forests, more compact cities and mixed use communities to reduce transport needs, more effective waste management, reuse and recycling, better building design to reduce energy consumption, and improved governance including public-private partnerships to harness the full potential of science and technology. In short, efforts to promote sustainable urbanisation are a critical contribution to mitigating climate change.
C. KEY STRATEGIC ELEMENTS OF THE MTSIP

19. The key strategic elements of the MTSIP are: (i) its sharpened focus; (ii) an enhanced normative framework; and (iii) partnerships.

_A sharpened focus_

20. As its contribution to achieving this goal, UN-HABITAT will concentrate on six areas to support and 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 planning, management and governance
(c) Pro-poor land and housing
(d) Environmentally-sound and affordable urban infrastructure and services
(e) Strengthening human settlements finance systems
(f) Excellence in Management

21. Within this framework, gender, age and post-conflict and post-disaster issues and environmentally sound development become important cross cutting issues. These thematic focus areas are described in paragraph 33 below.

_Enhanced normative framework for global and country-level activities_

22. The _enhanced normative framework_ (ENF) is a combined normative and operational approach to pre-investment capacity building. It includes:

(a) Norm setting based on the global monitoring and analysis of urbanisation and urban poverty trends and issues;
(b) The adaptation of these global norms for improving policies and legislation at the country level and the feedback of lessons learned to improve norms, standards and capacity building tools and strategies;
(c) The packaging of technical assistance, ODA and other confidence building measures to channel domestic investment in pro-poor housing and urban development.

23. The ENF consists of a four-phase approach:

- _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, including the application of tools, instruments and demonstration projects;
- _Scaling up and resource mobilisation_: Investment programming and resource mobilisation at local, national and international levels.
Box 4: The Enhanced Normative Framework Cycle

24. 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, leveraging public and private investment from local and international sources.
- At least one-third of major donor countries yet to do so, to have allocated resources for pro-poor housing and urban development and urban poverty reduction, 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.

Partnering for success

25. A central objective of the MTSIP is to strengthen UN-HABITAT’s catalytic role through partnerships and networking.

26. At the global level, partnerships will be strengthened and expanded with UN bodies, IFIs, non-governmental organisations and research institutions for the monitoring, reporting and advocacy of urbanisation and urban poverty issues, and in developing guidelines and
tools for policy development and capacity building. Based on past experience\(^1\), enhanced partnering and networking will further improve the leveraging of resources, thus contributing to enhanced results and improved effectiveness and efficiency.

27. At the country level, the key objective of the *enhanced normative framework* will be the implementation of projects designed specifically to demonstrate the benefits of improved policies, strategies and approaches to slum upgrading and prevention, and to mobilise international and domestic investment necessary for promoting achievable results at scale.

28. Major emphasis will be placed on partnerships, alliances and coalitions with Habitat Agenda partners and Habitat professionals to play an active role in implementation, monitoring and evaluation. Results in each of the six target areas will be monitored and reported through the Executive Director to the Governing Council, the World Urban Forum, regional fora, and included in flagship reports and other reports on achieving the human settlements related MDGs and the Habitat Agenda.

29. The estimated resource implications of the MTSIP are in the order of US $350 million over the plan period. With the average current gearing ratio of approximately 1:5 for global activities, and 1:15 for country-level pre-investment activities, it is expected that the MTSIP will contribute to the leveraging of an additional US$ 3 billion in country programming and investment through, inter alia, the loan portfolios of International Financial Institutions (IFIs), and the mobilisation of domestic capital and community savings.

30. This partnership dimension of the MTSIP will contribute not only to enhanced performance of UN-HABITAT as a programme but also to greater convergence in bilateral and multi-lateral development assistance at the global, national and local levels.

**Guiding principles**

31. 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 Programme of Implementation and, more recently, by paragraph 56(m) of the 2005 World Summit Outcome.\(^2\)

32. Consistent with its mandate, the following principles will guide the implementation of the MTSIP:

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\(^1\) The MTSIP will further strengthen partnership relationships with, inter alia, UNICEF, WHO, ILO, FAO, IFAD and the World Bank on monitoring of global trends and issues related to the MDGs. It has also been contributing actively to the CSD process on mainstreaming human settlements issues in sustainable development.

\(^2\) See inter alia, the Habitat Agenda adopted by Governments in 1996, the Declaration on Cities and other human settlements following the review of progress in the implementation of the Habitat Agenda in 2001; Resolution 56/206 of 2001, which elevated UNCHS to programme status as the United Nations Human Settlements Programme (UN-HABITAT) in 2001; The UN-Habitat Mission Statement adopted by the Governing Council at its 19\(^{th}\) session in 2003; the 2005 World Summit Outcome, and the Secretary General’s Bulletin of 2006 promulgating the new financial rules and regulations for the United Nations Habitat and Human Settlements Foundation (ST/SGB/UNHHSF Financial Rules/3 (2006))
(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 PRS processes, and the Country Assistance Strategies (CAS) of the World Bank Group;

(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, 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 harmonisation, coherence and alignment of international development assistance including improved coordination of activities through UN Country Teams.3

The Focus Areas

33. The following Focus Areas are mutually reinforcing in support of the overall objective of sustainable urbanisation.

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

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3 The strengthening of UN-HABITAT’s presence, including Habitat Programme Managers with UN Country Teams in the proposed One UN Pilot Countries.
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, tools and regulatory frameworks in the areas housing, land and property.

Focus Area 4 – Environmentally-sound and affordable 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 channel 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.

Focus Area 6 – Excellence in Management: Effective implementation of the organisation’s work through enhanced RBM, improved communication, and better financial, human and knowledge management tools and systems.

Corresponding result areas, indicators and modes of intervention

34. 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 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

35. 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.

36. Each focus area specifies the key partnerships with UN agencies, bilateral donors, IFIs, and civil society partners that will play an important role in achieving the intended results.

37. 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

**Box 5: Focus areas, strategic intent and key results**

<table>
<thead>
<tr>
<th>Focus Area 1:</th>
<th>Advocacy, Monitoring and Partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic intent</strong></td>
<td>To promote sustainable urbanisation through education, communication and evidence-based information. This will be done through data collection and analysis, policy dialogue, advocacy, strategic partnerships and resource mobilization.</td>
</tr>
</tbody>
</table>
| **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, good policies and pilot projects on sustainable urbanisation;  
4. Increased number of strategic partnerships that engage national and local governments, parliamentarians, the private sector, and civil society including women and youth groups, in sustainable urbanisation. |

<table>
<thead>
<tr>
<th>Focus Area 2:</th>
<th>Participatory urban planning, management and governance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic intent</strong></td>
<td>To strengthen the performance of national governments, local authorities and other stakeholders to enable the development of livable, productive and inclusive cities. This will be done through policy dialogue, tool development, capacity building, pilot initiatives and country wide technical assistance.</td>
</tr>
</tbody>
</table>
| **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. |

<table>
<thead>
<tr>
<th>Focus Area 3:</th>
<th>Pro-poor land and housing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic intent</strong></td>
<td>To assist national governments and Habitat Agenda partners to adopt pro-poor, gender and age-sensitive housing, land management and property administration programmes and strategies. This will be done through promoting enabling policies and improved regulatory frameworks</td>
</tr>
</tbody>
</table>
| **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; |

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5 Annex I provides an example of a results-based matrix for a Focus Area
### Focus Area 4: Environmentally-sound basic infrastructure and affordable services

**Strategic intent**
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.

**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 authorities, communities and vulnerable groups in basic urban infrastructure and services;
4. Documented best practices and good policies on environmentally-sound infrastructure and services analysed and disseminated.

### 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.

### Focus Area 6: Excellence in Management

**Strategic intent**
To ensure effective implementation of the organization’s work. This will be done 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 and better alignment between normative and operational work;
2. Increased efficiency and effectiveness 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 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, culture and branding.
D. OPERATIONALISING THE MTSIP – ORGANISATIONAL IMPLICATIONS

38. 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 is a need for significant changes in how UN-HABITAT operates. These include:

(a) Fulfilling 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) Reinforcing the organisation’s structure to enhance overall effectiveness;
(g) Strengthening crucial programme management functions.

An enhanced catalytic role

39. 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 and institutional reform, capacity building and partnerships in support of the Millennium Development Goals (see Box 7).

<table>
<thead>
<tr>
<th>Box 6: Catalyzing Change for Sustainable Urbanisation</th>
</tr>
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<tbody>
<tr>
<td>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:</td>
</tr>
<tr>
<td>• Rallying a global coalition of partners to support Government efforts to achieve the Millennium Development Goals and promote Sustainable Urbanisation;</td>
</tr>
<tr>
<td>• 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;</td>
</tr>
<tr>
<td>• 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;</td>
</tr>
<tr>
<td>• 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;</td>
</tr>
<tr>
<td>At the national level, UN-HABITAT will catalyze change through:</td>
</tr>
<tr>
<td>• Supporting national development objectives by developing tools for analyzing urbanisation, urban development policies, and legal and regulatory frameworks;</td>
</tr>
<tr>
<td>• Supporting the coordinated achievement of the MDGs through the establishment of urban forums and maintaining databases of who is doing what where to promote sustainable urbanisation;</td>
</tr>
<tr>
<td>• 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;</td>
</tr>
<tr>
<td>• Helping match Government demand for expertise in policy and legislative review, capacity-building, technical assistance with expertise available from partners or from UN-HABITAT;</td>
</tr>
<tr>
<td>• Adopting a differentiated country strategy to facilitate support to national efforts.</td>
</tr>
</tbody>
</table>
Adoption of Results-based Management (RBM)

40. UN-HABITAT will systematically apply Results-based Management (RBM), consistent with the practice of bilateral agencies such as USAID; DFID; AusAid; CIDA; Danida, and by other UN bodies such as UNDP, UNICEF, ILO and the World Bank. While UN-HABITAT adopted the RBM approach since the late 1990s, the key challenges have been the changeover to a results-based culture, and the lack of human resources, tools and systems. The MTSIP, while building on existing efforts, will focus on organisational policies and provide dedicated human, financial and information management infrastructure and training to strengthen internal capacity to achieve its organisational objectives including improved efficiency, effectiveness, monitoring and reporting.  

A new Global Campaign for Sustainable Urbanisation

41. 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 (see box 7).

42. 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. The Campaign will serve as a strategic tool to support the implementation of the 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.

43. The Campaign will develop key messages for each of the focus areas 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.

44. The Campaign will be informed by a sustainable urban development network (SUDNET) that will spearhead and re-align existing global programmes and provide a coordinating framework for working with Habitat Agenda Partners both at the global and local levels.

Differentiated country strategy

45. UN-HABITAT will develop, in collaboration with Governments, 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 MDGs.

46. The differentiated country strategy is designed to support Governments, either directly or through partners, in the following contexts:

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6 The implementation of RBM is further explained in Section E: Strategic Plan
(a) **Advanced urban transition**: In general, these countries have reached a stable point of urbanisation; the urban percentage of the total population is high and urban growth rates are low. Countries in this category fall into two broad types. For the first type - advanced economies - the challenge is not so much urban poverty as a generalized phenomenon, but rather to address social inclusion and issues regarding more sustainable production and consumption. For the second type – intermediate income countries – there are two sub-categories: (i) those countries implementing policies to address urban poverty and who are achieving a sustained decline in slum growth; (ii) countries who have not yet adopted comprehensive policies to address urban poverty and are experiencing moderate to high slum growth rates.

**Box 7: Global Campaign for Sustainable Urbanisation**

<table>
<thead>
<tr>
<th>Level</th>
<th>Monitoring, Advocacy &amp; Partnerships</th>
<th>Policy &amp; Institutional Reform</th>
<th>Capacity Building &amp; Training</th>
<th>Demonstration</th>
</tr>
</thead>
</table>
| Global | • Reviewing existing Indicators data sets, establishing benchmarks & monitoring progress  
  • Identifying best practices & good policies  
  • Establishing partners networks for each Focus Area  
  • World Urban Forum | • Further articulating the concept of sustainable urbanisation  
  • Preparing and updating of policy documents for Focus Areas  
  • Policy dialogue with Governments and partners | • Briefing notes for UN Country Teams  
  • UNDAF/CCA tools development  
  • Inventory of training materials, including partners  
  • Training materials development for partners and UN-HABITAT on sustainable urbanisation and on each Focus Area | • Supporting and documenting peer exchanges between regions |
| Regional | • Regional State of the Cities Reports  
  • National Urban Observatories  
  • National State of the Cities reports  
  • Urban Forums  
  • World Habitat Day | • Regional Ministerial Meetings (AMCHUD, APAMHHS, MINURVI)  
  • Decentralization dialogues | • Training of Trainers to build capacity of regional training institutions  
  • Internal and Partners capacity-building | • Supporting and documenting peer exchanges within regions |
| National | | • Policy reviews: housing, land, watsan, transport, energy, finance, municipal finance, decentralization, etc.  
  • Regulatory issues, e.g. Planning regulations, financial regulations  
  • Institutionalisation of pilot project lessons | | • Demonstration projects/programmes in each Focus Area  
  • Scaling-up of pilot projects in each Focus Area |
| Local | • Local Urban Observatories  
  • City Urban Forums | • Dialogue and consultations in each Focus Area  
  • Capacity-building components to support demonstration projects in each Focus Area | • Slum upgrading pilot projects  
  • Slum prevention pilot projects | |
(b) Rapid and chaotic urbanisation: In general, in these countries, the percentage of the urban population is relatively low, but the urban growth rate is high (2-4% per year). In these countries have a high population of slum dwellers and slum growth is also high. In some countries of Sub-Saharan Africa, Western Asia and Southern Asia, slum growth is as high as annual urban growth. In other words, urbanisation and poverty are synonymous. These countries are often characterised by a low awareness of urbanisation challenges and its relationship to urban poverty. As a consequence, policy responses are piecemeal and unsystematic. Often the urban governance and management capacities are ill equipped to meet the challenge.

(c) Human settlements in crisis: Countries in both of the above categories may be hit by disasters or conflict. Human settlements often bear the brunt of these crises, resulting in increased homelessness, urban poverty and an increase in the number of slum dwellers. Countries in this situation require a distinct policy response, which UN-HABITAT describes as Sustainable Relief and Recovery (see box 11 below).

(d) Countries actively engaged in slum upgrading and prevention: This includes countries that have demonstrated their commitment to attaining the MDGs, particularly Goal 1 Target 1, Goal 7 targets 9, 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.

47. The 2006 State of the World’s Cities Report found that there are four broad stages of policy response to achieve sustainable urbanisation. While these stages are not strictly linear, evidence suggests that countries respond to urbanisation in the following process:

(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.

48. The aim of the differentiated country strategy is to ensure that all countries confronting the slum challenge will be in a position to:

- Analyze their respective urbanisation conditions and trends, including the location, scope and scale of urban poverty;
- Assess the adequacy of their respective housing and urban development policies and poverty reduction strategies, including the institutional capacity for implementation;
- Identify priority action plans and initiatives.
49. 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 8).

**Box 8: Strengthening gender mainstreaming in UN-HABITAT activities**

Gender mainstreaming is 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 for 2008-2013 with performance indicators in order to realise gender equality and women’s empowerment. This will entail the following:

- Accountability mechanisms to assess gender mainstreaming at the agency level;
- Result-based management tools to assess 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 to ensure 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 in gender equality and the empowerment of women.

**Country support teams**

50. The need for more effective country support has been identified as a priority by the Paris Declaration and by the United Nations Reform process. UN-HABITAT’s own Governing Council made this an urgent priority in defining the aims of the MTSIP.

51. Enhanced country support will be achieved through the following means:

(a) *Integrating sustainable urbanisation issues in UNDAF/PRSs*: Analytical and awareness raising tools including sustainable urbanisation indicators, policy assessment tools, and information materials to support the efforts of Governments, UN Country Teams and national partners;

(b) *Strengthened system of Habitat Programme Managers* to act as country level catalysts for implementing the MTSIP, including country performance targets agreed with partners. One of the criteria for determining the deployment of HPMs will include countries in which the Global Campaign for Sustainable Urbanisation will be launched and those that have been designated for system-wide coherence at the country level;

(c) *Internal restructuring of existing global programmes and regional offices* to provide more coherent and integrated support to countries.

**Box 9: Habitat Programme Managers (HPMs)**

In response to a Governing Council resolution 20/15, UN-HABITAT carried out an independent strategic evaluation of the performance and impact of the HPMs in 2006. The report broadly endorsed the role and contribution of HPMs as a long-term, strategic investment by UN-HABITAT. The report notes that HPM

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7 See paragraph 44
8 See paragraphs 67-69
Deployment has led to a more coherent and less fragmented approach to integrating urban issues within the UNDAF/PRSs process. Key recommendations include:

- Deployment based on clear criteria, including the potential for policy change;
- Formulation of multi-year country programme documents;
- Comprehensive training support and dedicated resources for HPMs to fulfill their responsibilities.9

Reviewing the organisational structure to enhance effectiveness and coherence

52. The present structure of four divisions corresponding to four sub-programmes is considered sufficient for the effective implementation of the MTSIP. However, intra-and inter-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 towards the achievement of the MTSIP focus and result areas.

Review of crucial programme management functions

53. 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.

Box 10: Sustainable urban poverty reduction in Bangladesh and Somalia

UN-HABITAT in collaboration with UNDP is assisting the Local Government Engineering Department of Government of Bangladesh in the implementation of a Local Partnerships for Urban Poverty Alleviation Project. The project, capitalised at $20 million, has succeeded in alleviating poverty in 500 poorer communities in 4 cities and 7 municipalities through local partnerships, community participation, and improving local government response to the needs of the urban poor. During 2000-2005, over 600,000 people, including 450,000 slum dwellers directly benefited from 33,000 improved pit latrines. These are having a dramatic impact in terms of improved health and environmental conditions. Through active promotion and capacity building, women have found the confidence to engage in community development initiatives and have demonstrated skills and abilities not previously thought possible. The project is currently being scaled up nation-wide with the support of the Department for International Development (DFID) of the U.K. Phase II of the project aims to reach 3.5 million urban poor in 25 cities with an estimated funding of $100 million for 2007-2013. It also aims to build sustainable financing and institutional mechanisms for urban poverty reduction. The project has demonstrated how concerted interventions in policy assessment and reform, capacity building and partnerships can achieve tangible results in urban poverty reduction as a basis for investment follow through.

In Somalia, UN-HABITAT leads a consortium of international NGOs and UN Agencies in implementing the Somalia Urban Development Programme (2005-08). The Programme provides comprehensive support to local authorities and other urban stakeholders to promote sustainable urban development. It is active in 15 towns in all regions of the country, and started on a total budget of approximately US $8 million from the European Commission and UNDP, a figure that has since doubled as a result of activities that were added to the core programme by additional donors such as DFID, the Governments of Italy and Japan.

UNICEF and UN-OCHA. Activities covered by the programme include: urban planning, land management, local economic development and urban services. Strategic projects include the upgrading of local infrastructure, such as markets and slaughterhouses, to promote local economic development. A major focus is on support for IDPs and returnees using shelter and basic services as an entry point.

**Box 11: Sustainable Reconstruction and Recovery**

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 recent surveys, is 17 years. While many factors come into play, one of the key contributing factors 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 relief operations.

UN-Habitat is a unique actor in the humanitarian arena as it operates spatially rather than on a sector-specific basis. It provides a platform for cross cutting activities that reduce vulnerabilities and risk both before and after disasters. Its approach to disaster management, reconstruction and recovery is based on its long-standing experience in working closely with communities and local authorities to meet immediate needs for shelter and related services, while simultaneously addressing the longer-term development goals for land, secure tenure, infrastructure and livelihoods.

Experience has shown that the potential for development gain is far higher if an integrated and strategic approach to relief and reconstruction is applied in the immediate post crisis and early recovery period. UN-HABITAT’s objective is to ensure that emergency shelter and services are conceived from the outset of humanitarian relief operations as a bridge to sustainable recovery, rehabilitation and reconstruction. Its value added in early and timely engagement in humanitarian response is the reduction of future transaction costs and the achievement of overall aid effectiveness and efficiency through vulnerability and risk reduction in pre-crisis settlements, and in the sustainable planning of post-crisis operations.
E. STRATEGIC PLAN

54. 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.\(^{10}\)

55. The above considerations will influence the way in which UN-HABITAT works in several ways. The plan period will entail a progressive shift 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.

56. 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.

57. 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.

58. 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.

59. 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.

Results-based management, monitoring and reporting

60. The MTSIP matrix provides the basis for improved results-based monitoring, reporting and management. It is built on the focus areas, key result areas and indicators of achievement. These will further translate into explicit targets for each indicator, including data collection methods to provide performance benchmarks on the implementation of the MTSIP, and to improve accountability, learning and decision-making.

61. 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.

62. 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.

63. Programme coordination and performance assessment will be improved by: (a) strengthening the ex-ante evaluation role of the Programme Review Committee (PRC) 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; (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 norm setting and decision making processes.

Building coalitions and networks

64. 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 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 is contained in Annex III, 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
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 an important 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 serve as a catalyst in developing policy guidelines and providing advisory services to support public-private partnerships for infrastructure development, the provision of basic services, and in expanding market response for pro-poor housing.

- **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.

### Box 12: Joint UN-HABITAT-UNEP Programme in support of Sustainable Urbanisation

In line with UN Reform, cooperation between UN-HABITAT and UNEP has intensified resulting in developing a strategic policy framework for long-term cooperation. The Urban Environment Units of UN-HABITAT and UNEP have created joint work plans to provide a comprehensive menu of services to their clients. The joint work programme consists of technical assistance and tools on environmental planning and management (EPM) and urban environmental issues (air pollution, transport, energy, climate change, ecosystem services, water and sanitation) to cities; local-global linkages; technical support and capacity building to local and national governments on global environmental challenges; and support to local governments on environmental assessments. Both agencies will contribute to mainstreaming the urban environmental agenda in the UN system. UNEP and UN-HABITAT have broken new ground by working on linkages between the local and global environmental agendas, and in working with partners including with ‘ICLEI-Local Governments for Sustainability’ in the field of climate change and biodiversity.
Linking the World Urban Forum (WUF) with the MTSIP

65. The 3rd session of the World Urban Forum (WUF) held in Vancouver, Canada in 2006 witnessed the unprecedented participation of Habitat Agenda Partners. Some 10,000 representatives of government, local authorities, civil society organisations and the private sector subscribed and contributed to the theme of “Our Future: Sustainable Cities” and the objective of “Turning Ideas into Action”. The coming of age of the WUF and of the urban agenda, lends itself to a major contribution by partners in the monitoring and implementation of the MTSIP and its enhanced normative framework.

66. Starting in 2008, a central objective of the WUF will be the reporting by Habitat Agenda Partners of their contributions to sustainable urbanisation, including to the focus and result areas of the MTSIP.

67. It is envisaged that the WUF will become the principle forum of Habitat Agenda Partners to report on their respective contributions to and lessons learned in the attainment of the human settlements related MDGs. Major results will be integrated within the progress reports of the Secretary General to ECOSOC and the General Assembly on the coordinated implementation of the Habitat Agenda, and the progress report of the Executive Director to the Governing Council.

Reviving National Habitat Committees

68. The principle machinery envisaged for monitoring progress in the implementation of the Habitat Agenda was the strengthening of National Habitat Committees established for the preparation of the Habitat II Conference in Istanbul in 1996. More than 90 Member States constituted ad hoc multi-stakeholder committees and submitted their respective national reports to the conference.

69. While some countries continued to support and convene multi-stakeholder committees and fora up to the 2001 Special Session of the General Assembly for the review of progress in the implementation of the Habitat Agenda, the majority of Member States have since relaxed their efforts in this regard. This has led to inter alia, a situation whereby the efforts of UN-HABITAT to monitor and report on progress on the Habitat Agenda, and subsequently on human settlements related targets of the MDGs, have been severely constrained.

70. Reviving National Habitat Committees would enable UN-HABITAT to better integrate its efforts and those of its partners in global advocacy, policy, capacity building and monitoring functions with national priorities and action plans; to promote and deepen ownership of the enhanced normative framework; and to further strengthen the link between global and country-level activities.

Strengthening human settlements financing systems

71. Since the Habitat II Conference in 1996 and the Millennium Declaration in 2000, the UN system has focused its work on three of the four determinants of affordable housing, namely job creation, land and property rights for the poor, affordable planning and construction standards, and pro-poor basic infrastructure and services.
Box 13: A crisis in affordable housing

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, and the use of innovative and appropriate technologies;
- **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

72. The lack of integration of the credit determinant has severely limited the effectiveness of a system-wide response. It has limited capacity to develop and apply comprehensive models and approaches for dealing with the slum challenge/housing crisis. Where successful models and methodologies 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.

73. 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 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 to improve access to finance by all households. This solution can be greatly facilitated by using the estimated US $5 billion provided annually by official development assistance to the urban sector to leverage domestic capital for pro-poor housing and urban development.

74. A related challenge to this normal practice in developed economies 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 instrument 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 private and commercial capital as a significant element in the total financing package of ‘housing for all’.

75. It is against this background that the MTSIP has identified financing for pro-poor housing as a key area of intervention. The key is to develop and apply new financial products that are able to attract domestic capital investment in this area, and to work closely with key partners such as the World Bank, the Regional Development Banks the CGAP, and domestic financial institutions including banks and pension funds.

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11 Lessons from experience have shown that sustainable approaches to affordable housing, particularly in rapidly urbanising countries, require a simultaneous approach to lower middle-income families as well as the urban poor to avoid encroachment by the former on housing solutions for the latter.
Box 14: The United Nations Habitat and Human Settlements Foundation (UNHHSF)

The UNHHSF was established in 1974, as an outcome of the 1972 Stockholm Conference on Environment and Development, 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 revitalisation. Subsequently, the Rules of the Foundation have been up-dated and were promulgated by the Secretary General on 1 August 2006. The Foundation has two existing windows of operations –

- **General Fund account**: depository for receiving voluntary contributions for UN-HABITAT programmes and activities;
- **Special Funds account**: for receiving voluntary contributions to multi-donor facilities such as the Water and Sanitation Trust Fund and the Slum Upgrading Facility, each with their own internal governance arrangements.

76. Progress has been made since 2001 in this direction with the creation of the Human Settlements Financing Division, and its Slum Upgrading Facility (SUF) conceived as a pilot methodology for the revitalised Foundation, and the Water and Sanitation Trust Fund. The experience of both the SUF 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 requirements.

Box 15: The Slum Upgrading Facility (SUF) and Water and Sanitation Trust Fund

The **Slum Upgrading Facility (SUF)** is a new global facility designed to upscale the contribution of technical cooperation with realistic financing initiatives to develop significantly greater numbers of bankable projects that promote affordable housing for low-income households, the upgrading of slums, and the provision of urban infrastructure. The objective of the SUF is to assist municipalities and their community groups to mobilize domestic capital for slum upgrading and slum prevention activities by facilitating links among local actors and by packaging the financial, technical and political elements of development projects to attract such investment. This entails identifying projects, building local capacities, networking, and providing direct technical assistance for financial packaging to develop repayment-based business plans and, where appropriate, seeking initial credit enhancements to demonstrate the viability of these processes.

The **Water and Sanitation Trust Fund** set up in 2003 provides a fast-track mechanism to enable cities and small towns to attain internationally agreed development goals on water and sanitation. The objective of the Fund is to create an enabling environment to stimulate follow-up investments in water and sanitation. The Fund was started with a US $1 million advance from the UNHHSF. Since then, the Governments of Canada, Norway, Netherlands, Sweden and Poland have committed a total of US $49,882,958 to support pre-investment capacity building. This has, in turn, catalysed over US$ 1 billion in grants and loans from the African and Asian Development Banks.
77. In August 2006 the UN Secretary General concluded a process of revising the Rules and Regulations for the Foundation by promulgating new Rules and Regulations that for the first time include a methodology for reimbursable funding operations. The objective of the MTSIP is to establish an additional third window of activity to be known as the Reimbursable Revolving Fund Facility Account (REFFA). This facility supplements the two existing General Fund and Special Funds windows. The REFFA will enable voluntary contributions and other sources of funding to provide ‘reimbursable seeding operations’ to local revolving fund accounts to be set up at the country level with national partners and participating local banking institutions who would assume the fiduciary responsibilities of local lending operations. Thus the role of the Foundation is not as a new financial institution as such, but as an incubator of local financing mechanisms for slum upgrading and housing initiatives for low-income groups.

<table>
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<tr>
<th>Box 16: Reimbursable seeding operations</th>
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<td>The new Rules define “reimbursable seeding operations” as the provision, on a reimbursable basis, to eligible public and private institutions, with special emphasis on developing countries and countries with economies in transition, of seed capital, loan guarantees, including housing loan insurance and equity investments, to support the mobilization and effective utilization of domestic financial resources for human settlements, by local financial institutions, particularly housing finance and community based savings and loans organisations and other institutions engaged in low cost housing and slum upgrading.</td>
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78. This third window of the Foundation can thus be seen in two ways. Firstly, it represents the longer term operationalisation of SUF. Secondly, it builds on the seminal approach of the Water and Sanitation Trust Fund as an entry point to slum upgrading through the blending of concessional finance provided by IFIs with grants and technical assistance provided through the Special Funds window of the Foundation. The Operational Procedures and Guidelines (OPGs) envisaged for this third window are intended to provide a consolidated framework and terms of reference for both these approaches.

79. It is envisaged that the REFFA operations of the Foundation 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 additional roles and responsibilities with regard to the loan and revolving fund operations expected under the new Rules. In parallel, and building on the experience of the existing SUF operations, apply initial REFFA-type operations to refine the Operational Procedures and Guidelines on the basis of lessons learned.

(b) **Phase II (2009-2011)**: Broader development of REFFA pre-investment packages and building a portfolio of projects with Habitat Partners as a proving ground for the process. In parallel, 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 in any future borrowing operations by REFFA, 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.
80. 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.

Box 17: Financial flow chart

Communication, branding and advocacy strategy

81. 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 an approach knitting together all the evidence base of the organisation.

82. 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.

83. 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 robust 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 organised 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”. This 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.
F. INSTITUTIONAL PLAN

Achieving management excellence in support of the MTSIP

84. The MTSIP will progressively introduce significant improvements in management systems and tools to further enhance results-based management and help construct a robust corporate 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 mobilisation and allocation
(e) Human resources management
(f) Administrative efficiency and delegation of authority
(g) Organisational culture and branding

Programme alignment and cohesion

85. 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.

86. Besides the creation of a single Global Campaign and building a coalition of strategic partners around the sustainable urban development network (SUDNET) mentioned in paragraph [41] above, other short-term measures include the:

- Co-locating the Water and Sanitation Trust Fund and Slum Upgrading Facility operations within the Human Settlements Financing Division (Subprogramme 4) to ensure alignment and cohesion between the two leading pre-investment activities of UN-HABITAT, to kick-start the enhanced normative framework for operations at country level, and to strengthen partnerships with international and domestic financial institutions.
- 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 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.

87. 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 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

88. 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.

89. 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.\(^\text{12}\)

90. 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.

91. Medium-term measures to be implemented include:

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\(^{12}\) 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.
• 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.

Programme monitoring and reporting

92. The need for strengthening UN-HABITAT’s monitoring and evaluation functions were identified and acknowledged by previous reviews and are the subject of various recommendations and resolutions of the General Assembly and of the Governing Council. While several initiatives have been undertaken, the MTSIP places considerable emphasis on strengthening and mainstreaming results-based monitoring performance-based evaluation and reporting. Quarterly reports on progress in the key indicators of achievement will constitute the basis for monitoring the implementation of the MTSIP as well as in preparing mandatory reports to, inter alia, ECOSOC, the General Assembly and the Governing Council.

93. Medium-term improvements include the use of monitoring and evaluation findings to improve performance. While self-evaluation will constitute the backbone of monitoring and evaluation, the MTSIP will focus on more in-depth analysis of lessons learned from experience, best practices in implementing the MTSIP and recommendations for improved decision-making.

Resource mobilisation and allocation

94. As per the recommendations of the Governing Council, UN-HABITAT has developed a comprehensive resource mobilisation strategy as part of the MTSIP. The key elements of the strategy will be to maintain and widen the donor base, 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.

95. Short-term improvements and changes include:

13 This section of the report will be strengthened by the inputs on the Resource Mobilisation Strategy
• 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 mobilisation and allocation.

96. Medium-term changes include:
• Implementing activities and results-based accounting across the Programme as an integral part of results-based management and 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**

97. 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.

98. 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

99. 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

100. 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.

101. 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

102. 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 mobilisation and allocation procedures and processes. Levels of authority to be determined on the basis of seniority and responsibility and managers to be held accountable.

Organisational culture and branding

103. Building a corporate 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.

104. 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.

Next steps 2007: preparing for MTSIP implementation

105. The MTSIP is expected to be approved by the Governing Council in April 2007, with final approval and revisions to the 2008-09 biennium work plan and budget approved by

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14 This section will be further developed pending the outcome of a special study on knowledge sharing and communication strategy.
the General Assembly in September 2007. The ambitious nature of the MTSIP, however, requires that preparatory work begin as early as possible in 2007.

106. Substantive preparations will include a combination of partner consultations, policy work and the collection of data to establish measurable baselines prior to full implementation in 2008. Activities will be initiated on several important fronts including:

(a) Extensive consultations with partners to review global and country level activities for promoting sustainable urbanisation.

(b) Elaboration of criteria for country selection. In consultation with Governments and partners, criteria will be established for selecting countries in which to launch the Global Campaign for Sustainable Urbanisation.

(c) A country survey will be undertaken to establish country baselines prior to the launch of the Global Campaign. The baselines will serve several related purposes: supporting the elaboration of criteria for launching campaigns; reviewing existing indicators to ensure the Focus Areas are sufficiently articulated; and to facilitate the monitoring and evaluation of the implementation of the Campaign.

(d) Further elaboration of the concept of sustainable urbanisation, including its relevance for both developing and advanced economies and for countries in transition. This will result in a better articulation of the relationship between sustainable urbanisation, urban poverty reduction and the MDGs;

(e) Development of policy papers for each Focus Area, articulating their relationship to the overarching goal of sustainable urbanisation; these papers would further elaborate on key indicators of achievement and normative messages in each area;

(f) A partner mapping exercise to review who is doing what, where in each Focus Area to identify comparative advantages. This will include the non-governmental organisations, bilateral agencies, the World Bank and regional development banks, and United Nations entities.

(g) An inventory of available tools, both within and outside UN-HABITAT, that would support the objectives of each Focus Area; this would also lead to an analysis of the gaps and guide further tool development;

(h) Further elaboration of the objectives and activities of the Global Campaign for Sustainable Urbanisation. Based on the consultations, policy reviews and monitoring activities, the activities and work plan of the Global Campaign will be articulated.

(i) An awareness campaign will be launched. Briefings or workshops will be held for key constituencies such as Governments, UN Country Teams, partner organisations, and for staff, particularly field staff and Habitat Programme Managers (HPMs).

107. Management priorities to be implemented during 2007 include the following:

(a) Training and retooling for Results-based Management (RBM). Training in RBM will be initiated in 2007, ideally at both headquarters and in regional offices. This includes the establishment of a transition team to kick start management improvements and external expertise for re-tooling.

(b) Resource Mobilisation Policy. External expertise has been sought to assist UN-HABITAT in implementing its resource mobilisation strategy, particularly vis-à-vis non-conventional sources of funding.
(c) *Resource allocation policy.* A new policy is required to support internal resource allocation processes and to replace the existing Programme Review Committee (PRC) format. The terms of reference for this policy are under preparation.

(d) *Communications and branding.* External support and/or in-kind contributions will be sought to design an awareness and branding campaign focusing on raising the profile of sustainable urbanisation issues and the role of UN-HABITAT and its partners.

(e) *Knowledge Management Infrastructure.* External expertise and/or in-kind contributions will be sought to develop a dedicated knowledge management infrastructure, including software and processes. This will support parallel efforts to strengthen the monitoring and evaluation based on the Focus Areas and Key Results.

(f) *Review and updated of guidelines and manuals,* including preparation of a core policy manual and guidelines for field management and HPMs.

(g) *Work Flow Analysis:* work flows will be reviewed to identify areas and opportunities for greater efficiency and accountability. External expertise has already been identified and the review will be completed during 2007.

(h) *Human resource needs assessment.* An external review of human resource needs will be undertaken and recommendations will include proposals for new recruitments, mobility, re-training, and buy-outs.

(i) *Internal organisational structure reviewed.* The current structure will continue to be reviewed to increase effectiveness in implementing the MTSIP. External expertise will be sought to review the current structure and make recommendations to the Executive Director.

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**Box 18: Results-based Management (RBM)**

RBM holds the key for the successful design and implementation of the MTSIP. RBM emphasizes the concept of causality so that various inputs and activities lead to higher orders of results. This involves:

- Identifying clear and measurable objectives (results), aided by logical frameworks;
- Selecting indicators to measure progress towards each objective;
- Setting explicit targets for each indicator to assess 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 information not readily available from conventional systems;
- Using performance information for internal management accountability, learning and decision-making processes, and also for external performance reporting to stakeholders and partners.

RBM is often implemented with additional reforms including:

- Accountability, decentralisation and delegation of authority
- Client Focus, participation and partnerships
- Reformed Operational Policies and Procedures
- Supporting mechanisms – tools, training and information technology
- Cultural Change – aligning staff values, attitudes and behaviour to the organisation’s mission
G. RESOURCE MOBILISATION STRATEGY

Introduction

108. The MTSIP is designed as a concerted approach to supporting efforts by Member States to stabilize, reduce and prevent the formation of slums. It is also designed to ensure alignment and cohesion between UN-HABITAT’s policy, capacity building and technical cooperation activities and to fulfill its catalytic role in mobilising partners in contributing to the focus and result areas of the MTSIP.

Resource mobilisation and communications strategy

109. The principle objective of UN-HABITAT’s resource mobilisation and communications strategy is to broaden the donor base and to improve the balance between earmarked and non-earmarked contributions on a predictable multi-year basis. The MTSIP provides a clear and compelling framework for doing so. Its sharpened programmatic focus, commitment to programme alignment and coherence and management excellence, and catalytic role for mobilising partners and leveraging resources are key contributing factors to enhance impact and results, reduce transaction costs, improve aid effectiveness, and ensure transparency and accountability.

110. The resource mobilisation strategy for the MTSIP is comprised of the following:

- Establishing a resource mobilisation policy and team
- Consolidating the existing donor base
- Broadening the donor base, including at country level
- Strengthening the pre-investment role of UN-HABITAT
- Framework agreements for multi-year predictable funding
- Partnering and leveraging of resources
- Tapping non-conventional sources of funding
- Resource implications of the MTSIP

Establishing a resource mobilisation policy and team

111. The comprehensive resource mobilisation strategy called for by GC resolution 20/19 is comprised of a resource mobilisation policy informed by in-house consultations, independent analysis and expert input, and by an analysis of successful practices of other UN agencies, funds and programmes. This strategy will be supplemented by a subset of guidelines, which in turn, will inform the work of a new resource mobilisation team under the management of the Deputy Executive Director. The team will be responsible for inter alia, the following tasks:

- To develop specific guidelines for resource mobilisation;
- To serve as a clearing house for funding proposals before they are submitted the Programme Review Committee;
- To package funding proposals and partners’ contributions for the implementation of the MTSIP and its enhanced normative framework for donor and UN Country Team consideration;
• To manage donor relations through periodic donor conferences and reporting on the use of funds and corresponding results in progress in the implementation of the MTSIP and its enhanced normative framework;
• To spearhead an integrated communications and branding exercise to support the mobilisation of non-conventional sources of funding.

**Consolidating the existing donor base**

112. The principle objective of consolidating the existing donor base is to build donor confidence for a progressive shift from earmarked to soft-earmarked and non-earmarked funding on a predictable multi-year basis. This is considered critical to the successful implementation of the MTSIP, especially in its start up phase to implement management excellence, and in fine-tuning both the strategic and institutional components of the Plan. Key steps will include periodic consultations with donors and with the CPR based on systematic reporting in the implementation of the various policies that support the implementation of the MTSIP. This includes policies on resource mobilisation, working with partners, and on progress in implementing the other components of the resource mobilisation and communications strategy.

**Broadening the donor base**

113. The key elements of the strategy for broadening the donor base include:

- **Branding and media strategy:** UN-HABITAT has made some significant advances recently in drawing attention to sustainable urbanisation issues through highlighting the plight of slums dwellers and of the urban poor. To sustain interest and to translate interest into political commitment for action, however, requires a concerted effort to broaden the messages to reflect the complexity of the slum challenge, its relationship to poverty and the MDGs and, in so doing, target the concerns of different donors.

- **Further strengthening management systems:** UN-HABITAT has, in recent years, made progress in implementing management reforms. These reforms will be deepened to ensure that increased donor contributions are matched by strengthened management and reporting systems, focusing on results, partnerships and the leveraging of resources.

- **At the country level:** A key to broadening the donor base at the country level is the packaging of the ENF in support of national development plans, PRSs and CASs. This will build on the existing instruments and on strengthening existing presence at the country level to mobilize and leverage resources in collaboration with the UN Country Teams and bilateral donors within the UNDAF framework.

- Towards a voluntary indicative scale of contributions: Based on the experience of UNEP, the introduction of an indicative scale of contributions as a guideline for voluntary contributions has had a positive impact in increasing donor contributions in the short term, and in broadening the donor base in the medium term. It is therefore proposed that a similar system be established for UN-HABITAT with the target of increasing voluntary contributions by 10 to 15 percent per biennium over the Plan period and to broadening the regular donor base by one-third.
Partnering and leveraging resources

114. Partnering, which is central to renewed focus of the MTSIP on the catalytic role of UN-HABITAT, is also a key component of the Resource Mobilisation Strategy. The target over the Plan period is to leverage resources on a 1:10 ratio to enhance results and impact and reduce transaction costs. An analysis of the current situation regarding partners shows a wide range of different partner relations and practices. These will be mapped and assessed throughout 2007 to inform a Partners’ Policy that will emphasize the leveraging of resources and the explicit acknowledgement of contributions by partners, both in-cash and in-kind, to the implementation of the MTSIP.

115. Specific partner networks will be established for all five thematic focus areas of the MTSIP. The Global Land Tools Network (GLTN) represents one example of how this work is already underway. At the global level, particular emphasis will be placed on first, managing the inputs from the different networks and converting them into global advocacy tools and, second, the monitoring of sustainable urbanisation trends and issues. Key partners include umbrella non-governmental organisations, research and academic institutions, professional associations, the media, and the World Bank.

116. At the regional level, partnership arrangements will be pursued with regional development banks. Building on the recent success of UN-HABITAT in this area, a concerted approach will be made to partner with other UN bodies, specialized research institutes and the media to enhance UN-HABITAT’s monitoring, reporting and outreach capacity.

117. In line with its catalytic role, UN-HABITAT will also actively support the resource mobilisation efforts of partners and report on the contribution of partners to the focus and result areas of the MTSIP. This includes working with bilateral and multilateral organizations to monitor overall funding levels for sustainable urbanisation.

118. Another key area for partnering will be in global and country-level monitoring and evaluation, particularly with other UN bodies that are involved in country and city-level monitoring of the MDGs.

Strengthening the pre-investment role of UN-HABITAT

119. The MTSIP aims to mobilize international and domestic investment in 25 countries for going to scale in slum upgrading and prevention. The approach is based on lessons learned from the Water and Sanitation Trust Fund and the Slum Upgrading Facility (SUF). The Water and Sanitation Trust Fund leveraged an initial investment of US $1 million by the UNHHSF to mobilize close to US $50 million in policy, advocacy and pre-investment capacity building. This, in turn, has catalysed over US $1 billion in follow-up investments by IFIs. Lessons learned thus far from the SUF indicate that similar pre-investment packages combining policy, advocacy, capacity building, seed capital and technical assistance are critical to reducing the risks perceived by domestic financial institutions to invest in pro-poor housing and urban development. Both experiences,

15 WUF and other special events will be used to take stock of progress on partners’ contributions to the focus and result areas of the MTSIP and to establish business plans for concerted follow-up action.
however, are based on grants, and future activities in this area need to be conceived and implemented on a more sustainable basis.

120. The principle objective of the MTSIP focus area on strengthening human settlements finance is to apply the lessons learned from both these initiatives to implement innovative financial instruments and packaging. Seed capital, whether provided on a grant or reimbursable loan basis will be packaged specifically to mobilize domestic capital beyond the initial project cycle in, for example, the form of revolving funds. The overall target is US $150 million to help set up innovative finance systems in 25 countries during the plan period at an average of US $5 million per country.

**Tapping non-conventional sources of funding**

121. Independent expert advice solicited in the course of preparing the MTSIP revealed that the issues of urban poverty and slums are of vast potential mass appeal, on the scale of HIV/AIDS, and nutrition. The key success factors to tapping non-conventional sources of funding including mass appeal are: a compelling message/mission and transparent accounting on the use of resources. The external communications strategy is designed to address the first success factor while the implementation of results-based management and management excellence addresses the second success factor. These two factors will be used to mobilize actors and sources, which heretofore, have not been fully exploited. They include foundations, the private sector committed to social responsibility, and mass appeal. Guidelines and strategies will be developed and applied for targeting potential donors and non-conventional sources of funding.

122. Other sources of non-conventional funding include merchandising, advertising and sponsorship. Current efforts in, for example, advertising in Habitat Debate and sponsorship of special events are already underway and will be expanded, initially as cost-saving measures, and subsequently as a supplementary source of funding.

**Resource implications of the MTSIP**

123. The implementation of the MTSIP calls for an additional US $350 million over the projected current budget for the plan period. This includes US$ 190 million for implementing the ENF, US$ 150 million in pre-investment packaging, and US $10 million for RBM. This Indicative Planning Figure (IPF) represents approximately a 30 percent increase over the 2008-2009 budgetary allocation projected over three budgetary cycles.

124. The major difference between the current budgetary allocation and the proposed budget for the MTSIP is improved effectiveness and results-orientation. Currently, 80 percent of non-earmarked funding is devoted to staff salaries. The implementation of the MTSIP will significantly change this proportion in the use of new additional funding with 50 percent of resources devoted to advocacy, policy assessment, institutional reform and pre-investment capacity building. This change in the use of resources will enable UN-HABITAT to better leverage resources of partners and to enhance its role and contribution to the work of UN Country Teams in a more credible manner.
125. It is expected that the majority of the additional resources required will be covered by a combination of: (i) the alignment of existing resources with the focus areas of the MTSIP; (ii) increased counterpart contributions by partners to global activities and pre-investment packaging at the country level; and (iii) the implementation of the resource mobilisation and communication strategy, including the broadening of the donor base and tapping non-conventional sources of funding.

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**Principle cost components of the MTSIP**

126. The principle cost components for implementing the MTSIP are results-based management, including an integrated knowledge management and monitoring and

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16 Activities undertaken by the organisation that are funded through the regular budget, general purpose voluntary contributions, earmarked voluntary contributions, and earmarked country projects, with modest anticipated increase of 10% over the plan period
17 Expenditures required to strengthen integrated monitoring, reporting and evaluation systems
18 Pre-investment packaging including policy assessment, institutional reform and business plans, integrating the core competencies of the organisation
19 Seed capital in the form of loan guarantees, bridge financing and equity investments and other seeding operations for leveraging public and private investment for going to scale
20 Resources drawn from existing general purpose and earmarked contributions and re-packaged for implementing MTSIP
21 Estimate of resources derived from expanding the donor base and tapping non-conventional sources
evaluation system; filling the human resources gap; and implementing a comprehensive resource mobilisation and communication strategy. Each of these components is broken down further below.

**Results-based management (RBM)**

127. Based on an analysis of best practices in RBM, including the experience of other UN agencies, its implementation will require an integrated monitoring, evaluation, reporting and knowledge management system. The focus areas, result areas and corresponding set of indicators of achievement of the MTSIP provide an excellent basis for benchmarking the MTSIP and for assessing progress in its implementation. The system will also contribute significantly to more timely resource allocations, provide the infrastructure for knowledge and information sharing, and facilitate more systematic reporting in support of resource mobilisation.

128. The accelerated implementation of an enterprise management system ensures high-level transparency and accountability in the management of human and financial resources, and further enhances monitoring and reporting by activities and results. This will play a key role in informing decisions in the allocation of human and financial resources in implementing the focus and result areas of the MTSIP and in instilling donor confidence. Significant external assistance will be required in software retooling and staff re-training or buy-out/replacement.

**Human resources**

129. Additional staff resources are required for the effective implementation of the MTSIP to fill competency gaps, ensure alignment and cohesion between global and country-level activities, and to spearhead management improvements in support of RBM. They are estimated at twenty (20) staff over the Plan period. These posts will be devoted to strengthening capacity in the six focus areas of the MTSIP, to resource mobilisation and communications, and to RBM. They represent a 20 percent increase from current staff devoted to policy, advocacy and pre-investment capacity building. It is envisaged that recruitment/replacement will take place over a four-year period.

130. Key areas of competence to be strengthened in new recruitment as well as in staff replacement include: integrated monitoring and evaluation; expertise in socio-economic analysis and indicators, human settlements finance, and land-use planning; and specialized expertise in resource mobilisation and communications and knowledge management.

131. Significant external assistance will be required in inter alia, realigning job descriptions and performance appraisal systems with the focus and result areas of the MTSIP; tools and training in results-based management, leadership and management development; in communications and branding; and in knowledge management.

**Knowledge management**

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23 To be aligned with changes foreseen by the secretariat in replacing IMIS with an IPSAS compliant system.
132. The knowledge management component of the MTSIP involves putting in place key elements of a comprehensive knowledge management system to support systematic sharing and reporting of results and lessons learned. It is a key component in RBM and in transforming UN-HABITAT into a more effective learning organisation. The systematic documentation, dissemination and use of lessons learned from experience will contribute to cost effectiveness, the reduction of transaction costs, and to more effective resource mobilisation. Significant impact is expected in terms of more effective leveraging of resources with those of external partners.

List of annexes

1. Example of log-frame developed for the focus areas on advocacy, monitoring and partnering
2. Strategic framework document for the Global Campaign on Sustainable Urbanisation and the Sustainable Urban Development Network (SUDNET)
3. Policy framework for the United Nations Habitat and Human Settlements Foundation
4. Strategic policy on human settlements and crisis
5. Draft guidelines for working with the private sector