Policy Statement

By

Dr. Joan Clos,

Under-Secretary General and

Executive Director, UN-HABITAT

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I would also like to recognize the presence of my predecessor, Dr. Anna Tibaijuka, former Executive Director of UN-Habitat and now Tanzania’s Minister of Lands and Housing, and to thank her for coming to this session of the Governing Council.

Before I deliver my policy statement, I would like to congratulate you Mr. President and members of the Bureau for your election. I am sure I speak for all in saying your election is well deserved. I also wish to thank the outgoing Bureau under the able leadership of Honourable Clifford Everald Wormington of Jamaica.

Mr. President, Distinguished Delegates, the agenda of the 23rd session of the Governing Council consists of three substantive items. These are: Agenda Item 5, on Activities of the United Nations Human Settlements Programme, including coordination matters; Agenda Item 6, on the Dialogue on the special theme for the twenty-third session of the Governing Council; and Agenda Item 7, on the Work programme of UN-Habitat and budget of the United Nations Habitat and Human Settlements Foundation.

In this policy statement, I would like to address the most important issues in each of these agenda items. However, before doing so, allow me to present to you the main elements of the new strategic direction and priorities that I intend to introduce.

NEW STRATEGIC DIRECTION AND PRIORITIES

Mr. President, as I have already stated in my welcoming remarks, there is an urgent need to change our view of the city and current approaches. We cannot be happy when 60 per cent of the urban population in some parts of the world is living in slums and when levels of unemployment are reaching 50 per cent. We cannot be happy with the current footprint of cities in developed countries and their levels of greenhouse gas emissions. The present challenges of urbanization are clear, but, on the positive side, there also good examples of best practices that can be used to address these challenges. Distinguished Delegates, UN-Habitat is committed to sustainable urban development. The charting of a new strategic direction for UN-Habitat and identification of new priorities comes at a time when Member States are
calling for sharper prioritization of the agency’s work. Clear evidence of this has emerged from several discussions of the Medium-term Strategic and Institutional Plan (MTSIP).

In light of this, I decided to develop a new strategic direction and set new priorities soon after I took over the leadership of UN-Habitat in October 2010. This process is based on a review of the past and current work of UN-Habitat. That review, undertaken jointly by the Division Directors in a series of brainstorming sessions, identified UN-Habitat’s main products and services, its recognized achievements, and the main management challenges that it is facing. This became the basis for formulating a new strategic direction and setting of new priorities.

During the review, the following were identified as UN-Habitat’s main products and services:

- Strategic field projects, including in post-war and post-disaster environments;
- Policy/advisory services and capacity building of national and local authorities and other partners;
- Strategic partnerships with public, private and non-governmental organizations;
- Research and publications to raise awareness and enhance knowledge;
- Advocacy of urban issues through World Urban Forum, global campaigns, seminars and meetings;
- Pilot projects on innovative approaches; and
- Reporting to intergovernmental bodies, donors and other partners

UN-Habitat’s currently recognized achievements, good practices and relevant contributions identified in the review are:

- Field operations in post-war and post-disaster countries, and strategy on continuum from relief to sustainable recovery in urban areas;
- Innovative water and sanitation approaches;
- World Urban Forum;
- Global advocacy on urban issues and Millennium Development Goals target on slums;
- Regional ministerial platforms (AMCHUD, MINURVI, APMCHUD);
- Global Land Tool Network (GLTN); and
- Advancement of issues of: urban safety and security; forced evictions and alternatives; inclusive urban policies; mainstreaming of gender and youth

Actions to address problems currently hindering the effective delivery of UN-Habitat’s mandate were also identified in the review. These include:

- Improve effectiveness of management systems and core productivity, and minimize bureaucratic load;
- Systematically harvest core knowledge, internally and externally;
- Improve delivery efficiency in initial phases of field projects, especially in emergencies;
- Consolidate small and overlapping organizational units; and
- Sharpen the focus and prioritization of UN-Habitat’s products and services.
Mr. President, Distinguished Delegates, the new strategic direction is based on the desire to ensure greater focus and coherence in the organization’s substantive work and to promote excellence in programme delivery and organizational management. It builds on the recognized achievements of UN-Habitat, while addressing its identified shortcomings. It also recognizes the main urban challenges of today, which are: (i) increasing urban poverty, inequality and unemployment; (ii) excessive energy consumption in cities; (iii) rapidly increasing demand for urban mobility; and (iv) increasing frequency of natural disasters and their rising impacts on cities.

Today, more than 50 percent of the world’s population is urban, and the process of urbanization is continuing at a fast rate, mostly in Africa and Asia. In many developing countries, especially in Africa where the rate of urbanization is highest, the most serious challenge is how to deal with increasing urban poverty and unemployment because rapid urbanization is not accompanied by industrialization. In Asia and Latin America, countries such as China, India and Brazil are industrializing fast and the challenge is how to manage this process, which is largely urban-driven.

The historical correlation between urbanization and energy consumption is well established. The economic growth of developed countries and their high energy consumption patterns were fuelled by low energy prices. However, current growth within developing countries is taking place in the context of high energy prices. These contrasting patterns call for profound energy consumption changes in developed countries and well thought-out anticipation and advance planning in developing countries. On one hand, developed country cities cannot sustain their present levels of energy consumption. On the other hand, developing country cities can leapfrog technological development by taking advantage of new renewable energy technologies unavailable to developed countries during their industrialization.

Inadequate urban planning during the last 30 years or so has resulted in serious mobility problems in many cities all over the world, but especially in the rapidly expanding metropolises of developing countries. Here, traffic congestion is an everyday reality that limits the ability of cities to generate value, create jobs and help their populations to prosper. In developed countries, a process of slow decentralization of the urban population through urban sprawl is taking place, leading to excessive energy consumption, greenhouse gas emissions and climate change.

In view of these evolving patterns, there is a need to reconsider our strategic view of urbanization – to rethink the future of cities. A new strategy based on more effective urban planning, strengthened local institutions and processes as well as enhanced economic contribution of cities is needed. In all these areas, we need to go back to the basics. We also need to reduce the distance between political leaders and citizens by making citizens understand the solutions being proposed – solutions based on the perception of the city as an asset rather than a problem.

The substantive work of UN-Habitat will therefore focus on three key areas: (i) new urban planning, with emphasis on planning in advance of migration and population growth, planning at the scale of the challenges and in phases, starting with public space, especially the street; (ii) local institutions, governance and urban legislation; and (iii) urban economy and finance, including the creation of decent jobs in urban areas.

As you already know, UN-Habitat has, to an extent, been working on these topics. What is new now is the orientation and emphasis that we shall be placing on them. These priorities are fully in line with UN-
Habitat’s mandate. They also reflect significant global trends and are aligned with both the MTSIP and the Work Programme and Budget for 2012 – 2013.

Sustainable urban development is the theme of UN-Habitat’s Medium Term Strategic and Institutional Plan 2008 – 2013 (MTSIP). It is, and will continue to be, the overall framework within which UN-Habitat addresses more specific priorities. New urban planning falls under MTSIP Focus Area 2; local institutions, governance and urban legislation also falls under Focus Area 2; while urban economy and finance falls under Focus Area 5. These new priorities are, to an extent, reflected in the draft Work Programme and Budget for the 2012 – 13 biennium that you will be considering during this session of the Governing Council, but will be more fully reflected in future work programmes and budgets.

New Urban Planning

Mr. President, Distinguished Delegates, the new major challenge in many cities today is the need to plan in advance of migration and urban population growth, at the scale of the challenges. In recent years, there has been a realization that urban planning systems in many parts of the world, especially in developing countries, are not equipped to deal with current urban challenges. Apart from the fact that urban planning has been out of fashion during the last few decades, urban plans are often insufficient in scope, or too complex. Our 2009 Global Report on Human Settlements shows that urban planning has changed relatively little in most countries since its emergence about one hundred years ago, although a number of countries and cities have experimented with some innovative approaches in recent decades.

The new urban planning that we seek to promote is not comprehensive. Instead, it is strategic and involves planning in phases. The starting point in this phased planning process is public space, specifically the street. If, from the very beginning, informal settlements set aside space for future streets, incremental upgrading would be much easier and less expensive. The street is, in fact, the beginning of urban culture. It is the beginning of a revolving cycle of generation of urban value that finances future expansion of the city. The example of how Manhattan’s streets were drawn 200 years ago is instructive, because Manhattan is now one of the most valuable pieces of real estate in the world. Density is also an important issue, because financing of basic services and infrastructure in sprawling cities is very expensive. So cities must be dense enough to make installation of services and infrastructure viable. All of this requires a change of mentality, enabling us to go back to the basics that work.

Preventing urban sprawl and minimizing the demand for mobility, slum prevention and upgrading, improving access to basic urban services (including transport, energy, water and sanitation), implementing climate change mitigation and adaptation measures, improving urban safety and security, and achieving social integration all require robust and effective urban planning systems.

UN-Habitat will enhance its contribution towards the reform of urban planning in order to make it a more effective tool for governments and local authorities to achieve sustainable urban development. Special attention will be paid to promoting a number of critical approaches and issues: increasing the density of urban settlements and of mixed land-use in order to take advantage of agglomeration economies and to minimize mobility demand; urban networks with sustainable transportation; sustainable energy and the green economy in urban areas; slum prevention and social integration.
Local Institutions, Governance and Urban Legislation

Without effective institutions and governance systems, there can be no effective urban planning, economic growth and development. Good governance and institutions also require an effective legislative framework.

Urban legislation in many developing countries is outdated and is still strongly shaped by colonial planning legislation. Yet urban areas have changed considerably in recent decades, with unplanned urbanization being a dominant force in much of the developing world. Besides, in the coming decades, a set of new urban challenges such as climate change will have to be faced, and governments and local authorities need to be well-equipped to address these. An important precondition for achieving sustainable urban development is that urban legislation is pragmatic, enforceable, up to date, and responsive to current urban issues. Urban institutions and legislation must be appropriate to their socio-economic circumstances – they must be simple and understandable to local citizens. All of this also requires us to go back to the basics.

Besides responding to current urban challenges, a reappraisal of local institutions, governance and urban legislation should seek to make cities more socially inclusive and sustainable, as well as enhance their role as engines of economic growth. It must also support the strengthening of local authorities, including their capacity to deliver basic services and infrastructure. Over the centuries, cities have been the arena for experimentation with institutions.

UN-HABITAT aims to increase its legal knowledge base to be able to better respond to the needs of Member States and local authorities with respect to urban development.

Urban Economy and Municipal Finance

An immense challenge facing cities all over the world today is how to create decent jobs for their people. Because of rapid urbanization without industrialization, urban poverty and unemployment are major challenges in most developing countries. That urban unemployment exceeds 50 per cent in some countries must be seen as a serious failure of public policy. The social and political turmoil that we have recently witnessed in a number of countries is partly a result of the phenomenon of large numbers of unemployed, but often well-educated, urban youth. The current global economic and financial crisis has increased unemployment, including in many of the developed countries. Interest in cities is increasing around the world, in part, because more people are now living in cities than ever before and also because recent trends towards fiscal decentralization and globalization have highlighted the importance of cities as economic agents.

A new economic model of cities is needed. In this model, cities must not be viewed as a problem, but an opportunity for maximizing both agglomeration economies and economies of scale. In the less industrialized developing countries, cities must be seen as an asset and a basis for national economic growth. In the service-based economies of developed countries, cities must be seen as a conducive working and living environment.

In this context, it is crucial to understand the dynamics of economic development of villages, towns and cities, and the factors which contribute to sustainable urbanization. Such efforts require the promotion of
economic and financial reforms to strengthen the capacity of towns and cities to act as engines of economic development, to finance investment in basic infrastructure and services, as well as to enhance their contribution to assets and wealth building, value creation and capital accumulation in national and regional economies.

Focusing on the three priorities I have just highlighted will enable UN-Habitat to assist developing countries, especially those with high urbanization rates, to formulate national urban policies. These priorities do, in fact, constitute the pillars of urban policy in such countries, helping in the development of tools and instruments that reinforce the role of cities as assets. UN-Habitat stands ready to assist in the development of such national urban policies, and this will be our most important contribution towards addressing the slum challenge. Three task forces have been created in order to further refine thinking and approaches in each of these three priority areas.

Management Reforms

In light of these new priorities, diminishing financial resources and the existing management challenges that I mentioned earlier, there is a need for internal reform. I have therefore recently initiated an organizational review process, which will result in restructuring of the agency. The objective of this exercise is to review and seek rationalization of the organizational structure of UN-Habitat for more effective and efficient delivery of its mandate at the country, regional and global levels. UN-Habitat will be assisted by external experts, who are currently being recruited. An internal team has been established. It will work with the external consultants, providing all the necessary information to them and also coordinating the inputs of all divisions into the process. We expect the external expert team to be in place by the beginning of May this year, and the review and restructuring process to take about six months.

At this juncture, Mr. President, I would like to highlight the resource mobilization challenges that we are currently facing, because this is the background to some of our current management reforms. UN-Habitat’s approved general purpose budget for the biennium 2010-2011 was US$66.2 million, while the income projection was US$57 million (US$28.5 million annually) from voluntary contributions and US$1.2 million from interest and investment income. The balance of US$8 million was to be met from the cumulative surplus of the Habitat and Human Settlements Foundation.

Unfortunately, the effects of the current financial crisis on UN-Habitat activities are, as in other UN agencies, far from over. During the first year of the biennium (2010), the voluntary income received from donors was US$16.6 million, falling short of the US$28.5 million projection. A number of major donors (Netherlands, Sweden, and United Kingdom) have had to make some tough decision with regard to their multilateral funding to UN Agencies. For UN-Habitat, the result has been either complete withdrawal of, or substantial reduction in, non-earmarked funding support to the organization. UN-Habitat’s annual income projection for 2011 has therefore had to be revised accordingly, from US$28.5 million to US$17 million.

In light of this, the organizational review, which I spoke of earlier, will be expedited in order to improve programme alignment, flexibility and adaptability, as well as increase productivity and efficiency. At the same time, we will continue to rigorously assess our programmatic activities, in line with available resources and current prioritization; posts are already being critically rationalized, realigned and
redeployed in line with the organization’s priorities; and a cautious approach in filling posts that fall vacant is being followed. In fact, as a result of these measures, there has been a 10 per cent post reduction in a period of five months.

The good news is that UN-Habitat is doing quite well with respect to its technical cooperation projects, which currently account for about 65 per cent of its total combined budget. While we need to increase efficiency by eliminating bureaucracy, countries that are providing resources for our operational work, especially in post-crisis environments, are happy with this work. In particular, UN-Habitat’s work in Afghanistan, Haiti, Iraq, Pakistan, Somalia and Sudan has been very much appreciated.

However, on the whole, it is clear that UN-Habitat’s staff will be required to do more with less, and I must say they are coping well with this situation – to use bull fighting imagery, they are confronting the bull with calmness rather than nervousness. It is my intention to ensure that implementation of new personnel measures is sensitive to the contractual status of all staff and is applied fairly and transparently. The present decline in voluntary financial contributions may persist into the 2012-2013 biennium, but it is our hope that the global economic and financial situation will improve in the near future and, along with it, voluntary contributions to UN-Habitat as well.

MAIN ISSUES AND DECISIONS BEFORE THE TWENTY-THIRD SESSION OF THE GOVERNING COUNCIL

Mr. President, Distinguished Delegates, permit me to turn to the agenda of the 23rd session of the Governing Council which, as I have mentioned earlier, consists of three substantive items, that is agenda items 5, 6 and 7.

In this statement I wish to briefly highlight key substantive issues under each of these three agenda items and the nature of decisions expected from the Governing Council.

Agenda Item 5: Activities of the United Nations Human Settlements Programme

Under Agenda Item 5 of the present session, I would like to highlight two substantive issues. The first is the proposed third United Nations conference on housing and sustainable urban development, and the second is the review of the governance of UN-Habitat.

Third United Nations conference on housing and sustainable urban development

In December 2009, the General Assembly requested the Secretary-General, in collaboration with the Governing Council of UN-Habitat, to prepare a report on the question of convening in 2016 a third United Nations conference on housing and sustainable urban development. In response to that request, the UN-Habitat Secretariat has prepared a report for presentation to the current session of the Governing Council. The report makes a case for holding the Conference by examining key developments since the second United Nations Conference on Human Settlements, held in Istanbul, Turkey, from 3 to 14 June 1996. These new developments include:

- The increasing demographic dominance of cities, now home to more than half of humanity, and their enhanced role as economic agents both nationally and globally;
The rapid spatial expansion of urban settlements, resulting in mega cities as well as large metropolitan regions and urban corridors;

- The emergence of new global issues, forces and concerns, including globalization, sustainable urban development, climate change and increasing urban poverty;

- The changing roles of the public, private and non-governmental sectors, as part of the shift from enabling and deregulation policies, towards renewed emphasis on public policy and management, including reformed urban planning; and

- The significantly increased frequency and intensity of natural disasters and conflict and their impacts on the urban population.

In light of this, the report recommends that the Habitat III conference be held to outline a new urban development agenda that is capable of responding to the new challenges and the new role of cities. The conference should also consider ways of strengthening UN-Habitat as the main institutional framework for housing and sustainable urban development. The report also proposes a preparatory agenda for Habitat III.

Following your deliberations on my report on this issue, it is expected that the report, as modified by yourselves, will be submitted to the Office of the Secretary-General as an input to his own report on this issue for consideration by the General Assembly at its sixty-sixth session. This is one of the most important decisions that this session of the Governing Council is expected to make.

**Governance of UN-Habitat**

Mr. Chairman, Distinguished Delegates, you will recall that in 2009 the Governing Council requested the Executive Director and the Committee of Permanent Representatives to undertake, jointly, an examination of the governance of UN-Habitat, with a view to identifying and implementing ways to improve its transparency, accountability, efficiency and effectiveness and to identify options for any other potential relevant changes for consideration by the Governing Council at its twenty-third session.

In response to that request, a joint review team was set up, comprising an equal number of representatives of the Committee of Permanent Representatives and the Secretariat. In addition to a number of short-term improvements already endorsed by the CPR, the review team has proposed four options for fundamental reform the governance of UN-Habitat. These options are based on a review of governance structures and systems within the wider UN system. Valuable lessons have been learnt from the creation of the newest UN institutions such as UN-Women.

The expectation of the Secretariat is that the Governing Council will authorize me, jointly with the Committee of Permanent Representatives, to further explore each of the proposed four options, including their financial implications, and, if necessary, to identify a preferred option and prepare an action plan for presentation to the 66th session of the General Assembly.

**Agenda Item 6: Dialogue on the Special Theme for the 23rd Session of the Governing Council**

Under Agenda Item 6, allow me, Mr. President, to highlight the significance of the Dialogue on the special theme, especially how this relates to the 2012 United Nations Conference on Sustainable Development, or Rio + 20.
The Secretariat has prepared a report on the theme of “Sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure” for discussion at this session of the Governing Council. As you may recall, the general purpose of the dialogue on the special theme of the present session is to stimulate debate between Governments, local authorities and other Habitat Agenda Partners on how to provide an effective response to contemporary urban challenges. A specific objective of the dialogue is to enable the Governing Council to adopt a position on sustainable urban development as its contribution to the United Nations Conference on Sustainable Development (Rio + 20).

The key messages that the Governing Council should send to Rio + 20 are, firstly, the need to mainstream sustainable urban development within the broader agenda of sustainable development, and secondly, the need to recognize the role and contribution of cities and local authorities to sustainable development. This is critical for the success of sustainable development, considering that half of humanity now lives in cities. Because of this, it is clear that sustainable development will increasingly become synonymous with sustainable urban development in the coming years.

While on this subject, Mr. President, I would like to highlight the importance of the coordinated implementation of the guidelines on decentralization and the strengthening of local authorities and access to basic services for all. As indicated in my report on the activities of UN-Habitat during the last two years, the two Governing Council resolutions on this issue have provided a good framework for UN-Habitat’s work in promoting access to basic services, and we expect this to continue in the foreseeable future.

**Agenda Item 7: the Work Programme of UN-Habitat and Budget of the United Nations Habitat and Human Settlements Foundation**

Mr. Chairman, Excellencies and Distinguished Delegates, under Governing Council Agenda Item 7, I would like to briefly highlight some aspects of the proposed Work Programme and Budget for the 2012-2013 biennium, the evaluation of ERSO, and the issue of global and national frameworks for improving the lives of slum dwellers.

**Work Programme and Budget for 2012-2013**

The proposed Work Programme and Budget for 2012-2013 was discussed at several meetings of the CPR Working Group and of the CPR itself in October, November and December 2010. With the endorsement of the CPR, it was sent to Headquarters in New York, where it has already been discussed by two committees, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Committee for Programme and Coordination (CPC), which have both provided useful advice.

Excellencies, the Work Programme and Budget for 2012-2013 is completely aligned to the MTSIP. It is also based on the Strategic Framework for 2012-2013. The sub-expected accomplishments of the proposed work programme and budget are also prioritized, in case we are not able to raise all the resources required for full implementation. Precautionary steps are already being taken, involving a 15 per cent reduction in annual allotments during the current year and also the reduction of the allotment period from 12 to 6 months in order to allow for more flexibility of response to changing income levels. The same precautionary steps will be continued into the 2012-2013 biennium.
The draft resolution on the work programme and budget for 2012-2013 proposes that the Governing Council approve a general-purpose budget of US$ 70,221,500 and endorse a special-purpose budget of US$110,524,800.

**Experimental reimbursable seeding operations (ERSO)**

Mr. President, Distinguished Delegates, one of the important decisions that the present session of the Governing Council will make will be on the future of ERSO. You will recall that in 2007 the Governing Council requested the Executive Director to establish a trust fund within the United Nations Habitat and Human Settlements Foundation to support the introduction of experimental reimbursable seeding operations for financing of housing, infrastructure and upgrading for the urban poor and to field test those operations for four years. The Executive Director was also requested to carry out an evaluation at the end of the four years. An independent evaluation has now been carried out and the Secretariat has prepared a report based on it for your consideration during the present session.

The report concludes that UN-Habitat has a comparative advantage in undertaking global advocacy, advising national Governments and local authorities, bringing key stakeholders together and working with community groups on an advisory and normative basis. The report also concludes that, due to its mandate, UN-Habitat is not best positioned to continue activity as a mainstream direct lender. In addition donors have not provided further funding for lending activities.

In the light of these conclusions, the Governing Council is being requested to authorize the Secretariat to examine opportunities to work with partner development finance institutions within the UN system. These partners would take the lead in future pilot or scaled-up lending, guarantee and financial advisory activities, and UN-Habitat would focus on normative and global advocacy work in these areas.

**Global and national strategies and frameworks for future work on slums**

Finally, Mr. President, allow me to highlight one further substantive decision that will need to be made by the Governing Council during this session. You will recall that at the end of 2010, the General Assembly invited the Governing Council to consider appropriate global and national strategies and frameworks for future work for the achievement of a significant improvement in the lives of slum-dwellers beyond the current slum-related targets.

The Governing Council is therefore expected to adopt a resolution proposing new global and national strategies and frameworks for carrying forward the work on slum upgrading and prevention, given that the Millennium Development Goals target on slums has been exceeded by over two times and well in advance of the target date of 2020.

You will recall that the Millennium Development Goals target of improving the lives of 100 million slum dwellers by 2020 was very modest. So the early attainment of the slum target comes as no surprise. Its attainment has also been highly skewed, with the rapidly growing developing economies, including China and India, contributing to most of this progress.

One of our flagship reports, the State of the World’s Cities 2010/2011, states that between 2000 and 2010, the number of slum dwellers in the developing world increased from 767 million to 828 million.
This means an additional 61 million slum dwellers since 2000. So, the importance of your decision on this issue cannot be overemphasized.

While on this subject, Mr. President, I would like to mention that an international conference on the review of the Millennium Development Goals target on slums is currently being organized. The conference will be held in Rabat, Morocco, in November 2011. The Government of the Kingdom of Morocco, which will host this conference, has also provided 500,000 Euro for this purpose. UN-Habitat is very grateful for this generous act of collaboration by the Government of the Kingdom of Morocco.

CONCLUDING REMARKS

Mr. President, Distinguished Representatives, I very much look forward to your guidance and support in the progressive implementation of the new strategic direction and priorities that I have outlined. I also look forward to your decisions on the many important issues before you. The entire Secretariat stands ready to facilitate your deliberations and to provide all explanations and clarifications that you may need. I thank you for your kind attention.