Implementation Team Group for
UN-Habitat Governance Review Exercise

List of Background Documents

1. **General Assembly_A/RES/32/162** on the Institutional Arrangements for International Cooperation in the field of Human Settlements (Establishment of UNCHS), 107th Plenary Meeting, 19 December 1977


3. **Commission on Human Settlements_HS/C/13/3** on the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Meeting of CPR), 8th Plenary Meeting, 8 May 1991

4. **Commission on Human Settlements_HS/C/14/10** on the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Meeting of CPR), 7th Plenary Meeting, 5 May 1993

5. **General Assembly_A/CONF.165/PC.3/4/Add.4** (Note by the Secretariat on the New Objectives, Role and Place of the United Nations Centre for Human Settlements (Habitat)), 15 November 1995

6. **Commission on Human Settlements_HS/C/18/2/Add.2** (Report of the Executive Director on the Role of the CPR), 2 December 2000


8. **Commission on Human Settlements_HS/C/18/1** on the Establishment of the Committee of Permanent Representatives as an Inter-Sessional Subsidiary Body of the Commission on Human Settlements, 8th Meeting, 16 February 2001


10. **General Assembly A/RES/56/205** on the Special Session of the General Assembly for an Overall Review and Appraisal of the Implementation of the
Outcome of the United Nations Conference on Human Settlements (Habitat II), 90th Plenary Meeting, 21 December 2001


14. Governing Council_HSP/GC/19/18 on the Human Settlements Development in the Occupied Palestinian Territories (in A/58/8), 8th Meeting, 9 May 2003


17. Governing Council_HSP/GC/21/INF/7 (United Nations Habitat and Human Settlements Foundation Question and Answer), 13 April 2007

18. Governing Council_HSP/GC/21/10 on the Strengthening the Habitat and Human Settlements Foundation: Experimental Financial Mechanisms for Pro-Poor Housing and Infrastructure (in A/62/8), 7th Plenary Meeting, 20 April 2007

19. Brief Note on the Role and Responsibilities of the Committee of the Permanent Representatives by Mrs. Inga Björk-Klevby, Deputy Executive-Director of UN-Habitat, 27 November 2008


21. Governing Council_HSP/GC/22/2/Add.3 (Report of the Executive Director on ), 12 February 2009


24. Definition of Good Governance, 17 November 2009
colonial and racial domination and foreign occupation in their struggle to regain effective control over their natural and all other resources, wealth and economic activities.

Bearing in mind the pertinent provisions of its resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order and 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States,

Recalling further its resolutions 3175 (XXVIII) of 17 December 1973, 3336 (XXIX) of 17 December 1974, 5526 (XXX) of 15 December 1975 and 3186 of 21 December 1976 on permanent sovereignty over national resources in the occupied Arab territories,

1. Takes note of the report of the Secretary-General on the adverse economic effects on the Arab States and peoples resulting from repeated Israeli aggression and continued occupation of their territories;

2. Notes that, owing to the time constraint, incomplete coverage and technical and other limitations, the report did not cover all pertinent losses, such as:
   (a) The adverse economic effects extending beyond the year 1975;
   (b) Losses in the Arab territories still under Israeli occupation;
   (c) Human and military losses;
   (d) The loss of and damage to items of the national, religious and cultural heritage;
   (e) Losses in the traditional sectors, including the retail trading, small industries and farming sectors;
   (f) The full impact on the development process of the Arab States, territories and peoples subjected to Israeli aggression and occupation;

3. Emphasizes the right of the Arab States and peoples whose territories are under Israeli occupation to full and effective permanent sovereignty and control over their natural and all other resources, wealth and economic activities;

4. Reaffirms that all measures undertaken by Israel to exploit the human, natural and all other resources, wealth and economic activities in the occupied Arab territories are illegal and calls upon Israel immediately to desist forthwith from all such measures;

5. Further reaffirms the right of the Arab States and peoples subjected to Israeli aggression and occupation to the restitution of, and full compensation for the exploitation, depletion and loss of and damages to their natural, human and all other resources, wealth and economic activities, and calls upon Israel to meet their just claims;

6. Calls upon all States to support and assist the Arab States and peoples in the exercise of their aforementioned rights;

7. Calls upon all States, international organizations, specialized agencies, investment corporations and all other institutions not to recognize, or co-operate with or assist in any manner in, any measures undertaken by Israel to exploit the resources of the occupied ter-

ories or to effect any changes in the demographic composition or geographic character or institutional structure of those territories.

107th plenary meeting
19 December 1977

32/162. Institutional arrangements for international co-operation in the field of human settlements

The General Assembly,

Recalling relevant resolutions, in particular its resolutions 2718 (XXV) of 15 December 1970, 3001 (XXVII) of 15 December 1972 and 3327 (XXIX) of 16 December 1974,

Convinced of the need for urgent action to improve the quality of life of all people in human settlements,

Recognizing that such action is primarily the responsibility of Governments,

Conscious that human settlements problems represent a primary field of action in international co-operation, which should be strengthened in order that adequate solutions may be found, based on equity, justice and solidarity, especially among developing countries,

Recognizing that the international community should provide, both at the global and regional levels, encouragement and support to Governments determined to take effective action to ameliorate conditions, especially for the least advantaged, in rural and urban human settlements,

Recognizing that human settlements and the steps to be taken to improve them should be considered an essential component of socio-economic development,

Recalling the decisions of the United Nations Conference on the Human Environment and the recommendations of the World Population Conference, the World Food Conference, the Second General Conference of the United Nations Industrial Development Organization, the World Conference of the International Women's Year, as well as the Declaration and the Programme of Action on the Establishment of a New International Economic Order adopted by the General Assembly at its sixth special session and the Charter of Economic Rights and Duties of States adopted by the Assembly at its twenty-ninth session, that establish the basis of the new international economic order,

Aware of the sectoral responsibilities of the organizations of the United Nations system,

Conscious of the need to achieve greater coherence and effectiveness in human settlements activities within the United Nations system,

Recognizing that new priorities should be identified and activities developed to reflect comprehensive and integrated approaches to the solution of human settlements problems,

Convinced that it is necessary to consolidate and strengthen promptly the capacity of the United Nations system in the field of human settlements,

Recognizing that urgent steps should be taken to ensure a better mobilization of financial resources at all levels, with a view to improving human settlements,
Believing that:

(a) The current level of resources available for development purposes, particularly for human settlements, is clearly inadequate,

(b) The effective development of human settlements has been hindered by great disparities in socio-economic development within and between countries,

(c) The establishment of a just and equitable world economic order through necessary changes in areas of international trade, monetary systems, industrialization, the transfer of resources, the transfer of technology and the consumption of world resources is essential for socio-economic development and for the improvement of human settlements, particularly in developing countries,

I

INTERNATIONAL CO-OPERATION IN THE FIELD OF HUMAN SETTLEMENTS

Considers that:

(a) International co-operation in the field of human settlements should be viewed as an instrument of socio-economic development;

(b) The fundamental object of international co-operation for development is to support national action and, therefore, programmes for such co-operation in the field of human settlements should be based on the policies and priorities established in the recommendations for national action of Habitat: United Nations Conference on Human Settlements;\(^{56}\)

(c) In seeking co-operation for development, States should give due priority to human settlements;

(d) Requests for development assistance should not be subject to discrimination on the part of the institutions to which these requests are addressed;

(e) Technical co-operation should be made available to countries requesting assistance in policy formulation, management and institutional improvement relating to human settlements;

(f) Technical co-operation should be made available to developing countries requesting assistance in education and training and applied research relating to human settlements;

(g) Financial and technical co-operation for development should be accorded to countries requesting assistance for, inter alia, projects in self-help and co-operative housing, integrated rural development, water and transportation;

(h) All Governments should give serious consideration to making contributions as soon as possible to the United Nations Habitat and Human Settlements Foundation established by virtue of General Assembly resolution 3327 (XXIX), in order to expedite action programmes in the field of human settlements;

(i) Emerging concepts and priorities regarding human settlements in developing countries present new challenges to the policies and capability of development assistance agencies in donor countries and to international bodies; multilateral and bilateral development assistance agencies should therefore respond effectively to requests for assistance in the field of human settlements and special attention should be paid to the needs of the least advantage countries, particularly in the provision of long-term, low-interest mortgages and loans to facilitate the implementation of human settlements activities in the least developed countries that cannot fulfill existing terms and conditions;

(j) Information systems should be strengthened, where necessary, and better co-ordinated, and stronger links should be established at the regional level between human settlements and research institutions in different countries;

(k) Many international organizations carry out activities related to human settlements, and specialized agencies and other appropriate bodies—in particular the United Nations Children's Fund, the United Nations Development Programme, the United Nations Fund for Population Activities, the International Labour Organization, the Food and Agriculture Organization of the United Nations, the World Food Programme, the United Nations Educational, Scientific and Cultural Organization, the World Bank and the World Health Organization—should consider seriously the recommendations of Habitat: United Nations Conference on Human Settlements, with a view to implementing them in their respective fields of competence;

II

COMMISSION ON HUMAN SETTLEMENTS

1. Decides that the Economic and Social Council should transform the Committee on Housing, Building and Planning into a Commission on Human Settlements, which will have fifty-eight members to be elected for three-year terms on the following basis:

(a) Sixteen seats for African States;

(b) Thirteen seats for Asian States;

(c) Six seats for Eastern European States;

(d) Ten seats for Latin American States;

(e) Thirteen seats for Western European and other States;

2. Decides that the Commission on Human Settlements will discharge, inter alia, the responsibilities at present exercised by the Committee on Housing, Building and Planning:

3. Decides that the Commission on Human Settlements will have the following main objectives:

(a) To assist countries and regions in increasing and improving their own efforts to solve human settlements problems;

(b) To promote greater international co-operation in order to increase the availability of resources of developing countries and regions;

(c) To promote the integral concept of human settlements and a comprehensive approach to human settlements problems in all countries;

(d) To strengthen co-operation and co-participation in this domain among all countries and regions;

4. Decides that the Commission on Human Settlements will have the following main functions and responsibilities:

(a) To develop and promote policy objectives, priorities and guidelines regarding existing and planned programmes of work in the field of human settlements, as formulated in the recommendations of Habitat: United Nations Conference on Human Settlements and subsequently endorsed by the General Assembly;

(b) To follow closely the activities of the organizations of the United Nations system and other international organizations in the field of human settlements and to propose, when appropriate, ways and means by which the over-all policy objectives and goals in the field of human settlements within the United Nations system might best be achieved;

(c) To study, in the context of the recommendations for national action of Habitat: United Nations Conference on Human Settlements, new issues, problems and especially solutions in the field of human settlements, particularly those of a regional or international character;

(d) To give over-all policy guidance and carry out supervision of the operations of the United Nations Habitat and Human Settlements Foundation;

(e) To review and approve periodically the utilization of funds at its disposal for carrying out human settlements activities at the global, regional and sub-regional levels;

(f) To provide over-all direction to the secretariat of the Centre referred to in section III below;

(g) To review and provide guidance on the programme of the United Nations Audio-Visual Information Centre on Human Settlements established by virtue of General Assembly resolution 31/115 of 16 December 1976;

5. Decides that the first session of the Commission on Human Settlements shall be held in the first half of 1978;

6. Decides that the reports of the Commission on Human Settlements will be submitted to the General Assembly through the Economic and Social Council;

III

UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (HABITAT)

1. Decides that a small and effective secretariat shall be established in the United Nations to service the Commission on Human Settlements and to serve as a focal point for human settlements action and the co-ordination of activities within the United Nations system, to be named “United Nations Centre for Human Settlements (Habitat)”, hereinafter referred to as “the Centre”;

2. Decides that the Centre shall be headed by an Executive Director, at a level to be determined later, who shall report to the Secretary-General until such time as any relevant recommendations of the Ad Hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System can be taken into account;

3. Decides that the Executive Director shall be responsible for the management of the Centre, which shall comprise the posts and budgetary resources of the following:

(a) The Centre for Housing, Building and Planning of the Department of Economic and Social Affairs of the Secretariat;

(b) The appropriate section of the Division of Economic and Social Programmes of the United Nations Environment Programme directly concerned with human settlements, with the exception of the posts required by that Programme to exercise its responsibilities for the environmental aspects and consequences of human settlements planning;

(c) The United Nations Habitat and Human Settlements Foundation;

(d) As appropriate, selected posts and associated resources from relevant parts of the Department of Economic and Social Affairs;

4. Decides that the United Nations Habitat and Human Settlements Foundation shall be administered by the Executive Director referred to in paragraph 2 of the present section and shall have the terms of reference set out in the annex to General Assembly resolution 3327 (XXIX), with appropriate amendments to reflect the new relationship to the Commission on Human Settlements and its secretariat;

5. Decides that the Centre, under the leadership of its Executive Director, shall be entrusted, inter alia, with the following responsibilities:

(a) To ensure the harmonization at the intersecretariat level of human settlements programmes planned and carried out by the United Nations system;

(b) To assist the Commission on Human Settlements in co-ordinating human settlements activities in the United Nations system, to keep them under review and to assess their effectiveness;

(c) To execute human settlements projects;

(d) To provide the focal point for a global exchange of information about human settlements;

(e) To provide substantive support to the Commission on Human Settlements;

(f) To deal with interregional human settlements matters;

(g) To supplement the resources of the regions in formulating and implementing human settlements projects when so required;

(h) To promote collaboration with, and involvement of, the world scientific community concerned with human settlements;

(i) To establish and maintain a global directory of consultants and advisers to supplement the skills available within the United Nations system and to assist in the recruitment of experts at the global level, including those available in developing countries;

(j) To initiate public information activities on human settlements in co-operation with the Office of Public Information of the Secretariat;

(k) To promote the further and continued use of audio-visual material relating to human settlements;

(l) To carry out the mandate and responsibilities previously assigned by the appropriate legislative bodies to the secretariat units to be absorbed in the central staff;

(m) To implement programmes until they are transferred to the regional organizations;

6. Decides that the Director of the United Nations Audio-Visual Information Centre on Human Settlements shall report to the Executive Director;
7. Decides that there should be close links between the Centre and the United Nations Environment Programme, and that for this reason the location of the Centre should be at Nairobi;

8. Decides that during the period 1978-1980 a significant portion of all posts in the Centre will be assigned to the regions for work on regional human settlements questions;

IV

ORGANIZATION AT THE REGIONAL LEVEL

1. Recommends that the regional commissions should consider the establishment of regional intergovernmental committees on human settlements, comprising all members, in cases, where such committees do not already exist;

2. Recommends that such regional committees should be established as soon as possible and should then co-ordinate their activities with those of the Commission on Human Settlements and report to it through the appropriate regional commissions;

3. Recommends that the responsibility for implementing regional and subregional programmes should be gradually transferred to regional organizations;

4. Recommends that each regional committee should be served by a unit of the secretariat of the parent regional commission under an executive officer, that these units should preferably be established as soon as possible and that they should be provided with the necessary resources for their operations;

5. Decides that the regional committees shall be responsible for the formulation of regional and subregional policies and programmes and for their implementation;

6. Recommends that the budgetary and personnel resources available to each regional secretariat unit should consist of those available from the regular budgetary resources and those redeployed from the aggregate posts available to the central secretariat, voluntary contributions, including those made to the United Nations Habitat and Human Settlements Foundation, as well as selected resources currently available to each region;

7. Recommends that the principal functions of the regional secretariat units should be:

(a) To serve the regional committees referred to in paragraph 1 of the present section;

(b) To review progress in the implementation of programmes with the regions;

(c) To promote the active collaboration of governmental representatives in activities related to human settlements;

(d) To assist Governments of countries in the region in the formulation of their requests for assistance from the appropriate bilateral and multilateral bodies;

(e) To establish close links with the appropriate financial institutions at the regional and global levels and with regional units of the specialized agencies;

(f) To formulate, implement and supervise regional and subregional programmes and projects, especially regional training programmes;

(g) To execute regional human settlements projects;

8. Recommends that the regional secretariat units, with the approval of the regional committees, should identify those national and regional institutions which are best able to provide services, training and assistance in research relating to human settlements;

V

TERMS OF REFERENCE

1. Decides that human settlements activities and programmes at both the global and regional levels shall deal in particular with the following subject areas:

(a) Settlement policies and strategies;

(b) Settlement planning;

(c) Institutions and management;

(d) Shelter, infrastructure and services;

(e) Land;

(f) Public participation;

2. Decides that the formulation of global programme priorities within these broad subject areas shall be undertaken by the Commission on Human Settlements and that of regional programme priorities by the regional committees, on the basis of the needs and problems of the region and of the countries within the region;

3. Recommends that the following functions should be considered on a priority basis, in relation to the subject areas mentioned in paragraph 1 of the present section:

(a) Identification of the problems and possible solutions;

(b) Formulation and implementation of policies;

(c) Education and training;

(d) Identification, development and use of appropriate technology, as well as limitation of hazardous technology;

(e) Exchange of information, including audiovisual information;

(f) Implementation machinery;

(g) Assistance in the mobilization of resources at the national and international levels;

(h) Promotion of the establishment of an international information pool on building materials, plants and equipment;

VI

CONCERTED ACTION AND CO-ORDINATION

1. Urges, in particular, that the Executive Director of the Centre and the bureau of the Commission on Human Settlements should meet biannually with the Executive Director of the United Nations Environment Programme and the bureau of its Governing Council to review together their respective priorities and programmes for improving human settlements and to strengthen and extend co-operation between the two organizations;

2. Urges also that the Executive Director of the Centre and the Executive Director of the United Nations Environment Programme should participate in and address the annual meetings of their governing bodies;
3. Decides that there must be a sustained and determined effort, on the part of all organizations most closely connected with human settlements, at both the regional and global levels, to concert their planned programmes and projects;

4. Decides further that the existing mechanisms of the Administrative Committee on Co-ordination must be strengthened to ensure that co-ordination in the field of human settlements is effective throughout the whole United Nations system;

VII

WORKING RELATIONS WITH FINANCIAL INSTITUTIONS

1. Recommends that the Centre and the secretariats of the regional commissions should establish working relations, as regards the question of human settlements, with the principal financial institutions at the regional and global levels;

2. Recommends that special co-operation should exist at the global, regional and national levels between the United Nations Development Programme and the Centre;

VIII

CO-OPERATION WITH ORGANIZATIONS OUTSIDE THE UNITED NATIONS SYSTEM

Recommends that, at the global and regional levels, co-operation should be sought with universities, research and scientific institutes, non-governmental organizations and voluntary groups, in order to make full use of their knowledge and experience in the field of human settlements; at the intergovernmental level, this co-operation should be formalized and at the secretariat level it should be brought about by the establishment of appropriate working relations.

107th plenary meeting
19 December 1977

32/163. Strengthening of operational activities in the field of industrial development in the least developed among the developing countries

The General Assembly,

Taking note with satisfaction of the report of the Industrial Development Board on the work of its eleventh session,81

Taking note of the report of the Executive Director of the United Nations Industrial Development Organization on the strengthening of operational activities in the field of industrial development,82

Recalling the Programme of Action on the Establishment of a New International Economic Order contained in its resolution 3202 (S-VI) of 1 May 1974,

Bearing in mind the Lima Declaration and Plan of Action on Industrial Development and Co-operation,83 adopted by the United Nations Industrial Development Organization at its Second General Conference, held at Lima from 12 to 26 March 1973, and in General Assembly resolution 31/164 of 21 December 1976 to the effect that the Third General Conference of the United Nations Industrial Development Organization should be convened in 1979,

Recalling further the offer made by the Government of India to act as host to the Third General Conference,84

Noting the recommendations of the Industrial Development Board at its eleventh session in its capacity as the Preparatory Committee for the Third General Conference of the United Nations Industrial Development Organization,85

1. Decides that the Third General Conference of the United Nations Industrial Development Organization should be held for a period of three weeks in January/February 1980 at New Delhi;

2. Accepts with appreciation the offer of the Government of India to act as host to the Third General Conference.

107th plenary meeting
19 December 1977

82 A/32/118.
83 See A/10112, chap. IV.
84 See also sect. VIII, resolution 32/212, sect. VIII.
85 See A/32/232.
report on the implementation in the Sudano-Sahelian region of the Plan of Action to Combat Desertification.

119th plenary meeting
17 December 1985

40/199. Co-operation between the United Nations Centre for Human Settlements (Habitat) and the United Nations Environment Programme

The General Assembly,

Recalling its resolutions 32/162 of 19 December 1977 and 35/77 B of 5 December 1980,

Having considered resolution 8/14 adopted by the Commission on Human Settlements on 8 May 198558 and decision 13/12 adopted by the Governing Council of the United Nations Environment Programme on 25 May 1985,59

Decides to discontinue the annual meetings of the Executive Director of the United Nations Centre for Human Settlements (Habitat) and the bureau of the Commission on Human Settlements with the Executive Director of the United Nations Environment Programme and the bureau of its Governing Council.

119th plenary meeting
17 December 1985

40/200. International co-operation in the field of the environment

The General Assembly,

Recognizing the international dimension of environmental problems, the role of environmental factors in the broader economic and social context, and the importance of taking environmental considerations fully into account in the implementation of the International Development Strategy for the Third United Nations Development Decade,60

Having considered the report of the Governing Council of the United Nations Environment Programme on the work of its thirteenth session,61

Having considered also the report of the Executive Director of the United Nations Environment Programme on international conventions and protocols in the field of the environment,62

Noting with deep concern that the harmful consequences of the drought and desertification are seriously affecting many countries, in particular African countries, are exacerbated by the continued erosion of the resource base for the development of those countries,

Reaffirming the importance of the interrelationships between resources, environment, people and development, and the need to take those interrelationships into account in development policies and strategies,

Stressing the importance of an international exchange of experience and knowledge concerning the protection of the environment,

Noting the activity of the United Nations Environment Programme on the subject "The arms race and the environment", in accordance with its programme of work as adopted by the General Assembly, the Economic and Social Council and the Governing Council of the United Nations Environment Programme,63

Mindful of the sovereign rights of States over their natural resources, including their forests,

Noting also the activities of the United Nations and other international organizations, as well as the international initiatives being taken that are directed towards the important objective of rational management, protection and rehabilitation of the world's forests,

Recalling its resolution 38/161 of 19 December 1983 on the process of preparation of the Environmental Perspective to the Year 2000 and Beyond,

1. Takes note of the report of the Governing Council of the United Nations Environment Programme on the work of its thirteenth session and endorses the decisions contained therein, as adopted;

2. Welcomes the decision of the Governing Council to change to a biennial cycle of sessions on an experimental basis and in this regard takes note of the establishment of the open-ended Committee of Permanent Representatives to facilitate this process;64

3. Invites the Governing Council, when reviewing the experiment with the organization of a biennial work programme, to consider changes that may in consequence be necessary in the functioning of the Council, including the term of membership;

4. Welcomes section III of decision 13/1 of 23 May 1985,65 and decision 13/10 of 24 May 198566 by which the Governing Council initiated steps towards the preparation of a system-wide medium-term environment programme for the period 1990-1995 and invited the Administrative Committee on Co-ordination to review and further develop the methodology in the light of the experience gained in the system-wide medium-term environment programme for the period 1984-1989;

5. Takes note of the work done by the Special Commission on the Environmental Perspective to the Year 2000 and Beyond, which has adopted the name World Commission on Environment and Development, and by the Intergovernmental Inter-sessional Preparatory Committee on the Environmental Perspective to the Year 2000 and Beyond in the preparation of their reports, and recalls the relationship between the Commission and the Committee, as set out in General Assembly resolution 38/161;

6. Takes note of the progress on international conventions and protocols in the field of the environment during 1985, including the adoption of the Vienna Convention for the Protection of the Ozone Layer and of an international protocol to the 1979 Convention on Long-range Transboundary Air Pollution, on sulphur emissions and fluxes, and the organization of the first meeting of the Conference of the Parties to the Convention on the Conservation of Migratory Species of Wild Animals;

7. Considers that measures to deal with the erosion of the natural resource base in countries affected by drought and desertification should have as one of their major aims the sustainable exploitation and increased productivity of that natural resource base;

8. Welcomes the importance attached by the Governing Council to regional approaches and programmes relating to international co-operation in the field of the environment, and in this context stresses the relevance of specific regional planning identified by the regions themselves;

"3. Requests the Secretary-General to submit the report to the General Assembly at its forty-seventh session."

2. Requests the Executive Director of the United Nations Centre for Human Settlements (Habitat), subject to the approval of the General Assembly of the above resolution, to report on the preparations of the report on a possible United Nations conference on human settlements to Governments through Permanent Representatives, focal points or government-designated officials and to the fourteenth session of the Commission on Human Settlements.

8th plenary meeting
8 May 1991

2. Other resolutions

13/3. Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat)*

The Commission on Human Settlements,

Recalling its resolution 8/1 of 10 May 1985, in which it decided that on an experimental basis, sessions of the Commission would be held only during odd-numbered years as of 1987, and General Assembly resolution 40/199 of 17 December 1985 which welcomed that decision,

Conscious of the need to establish during intersessional periods a regular system of consultation among Governments and the Executive Director of the United Nations Centre for Human Settlements (Habitat),

Having considered the note by the secretariat on legal and financial implications of establishing a Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat), p/

Recalling also its resolution 12/8 of 3 May 1989, in which it decided that the informal committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) and/or government-designated officials should continue to ensure liaison between Governments and the Executive Director between sessions of the Commission,

Having noted with appreciation the positive results achieved by regular informal meetings of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) during past years, in particular as regards preparations for sessions of the Commission,

* Adopted by 21 votes to 7, with 4 abstentions.

p/ HS/C/12/Add.1.
Recognizing that meeting servicing as was provided during meetings between the Executive Director and the informal committee of Permanent Representatives and embassy focal points in Nairobi and/or government-designated officials can continue to be provided at no additional cost and be absorbed within existing resources,

1. **Decides** to request the Executive Director of the United Nations Centre for Human Settlements (Habitat) to meet at least four times a year with the committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) to review progress in the implementation of the programme of the Centre and Commission resolutions, as well as specific issues proposed by the Permanent Representatives or the Executive Director, and to report the recommendations of the committee to the Commission;

2. **Recommends** that the dates and agenda of such meetings should be determined in consultations between the Executive Director and the Permanent Representatives;

3. **Requests** the Executive Director to provide the committee, within available resources, services and facilities of the same kind as those he has provided in the past to the meetings of the informal committee of Permanent Representatives.

8th plenary meeting 8 May 1991

13/4. **Participation of the United Nations Centre for Human Settlements (Habitat) in the international cooperation to address and mitigate the consequences of the accident at the Chernobyl nuclear power plant**

The Commission on Human Settlements,

Bearing in mind General Assembly resolution 44/224 of 22 December 1989, in which the General Assembly, *inter alia*, recognized the need to strengthen international cooperation in rendering assistance in cases of environmental emergency,

Recalling Economic and Social Council resolution 1990/50 of 13 July 1990, in which the Council, *inter alia*, made an urgent appeal to all organs, organizations and programmes of the United Nations system to provide all appropriate assistance in full coordination and cooperation with ongoing or planned efforts by elements of that system, to mitigate the consequences of the accident at the Chernobyl nuclear power plant,

Recalling also General Assembly resolution 45/190 of 21 December 1990, in which the General Assembly, having expressed profound concern about the ongoing effects on people's lives and health of the disaster at Chernobyl, which had had serious national and international consequences of an unprecedented scale, requested the organs, specialized agencies and programmes of the United Nations system, in considering possible technical and other special assistance for the areas most affected, particularly in the Byelorussian Soviet Socialist Republic, the Ukrainian Soviet Socialist Republic, and the Russian Federation, to co-ordinate the assistance provided by the United Nations organizations, specialized agencies and funds and programmes, and to use the appropriate machinery of the United Nations system to this end.
4. Requests the Executive Director of the United Nations Centre for Human Settlements (Habitat) to take appropriate measures and conduct consultations with a view to facilitating the training and formation of the required Palestinian technical cadres necessary to secure the national housing requirements for the Palestinian people;

5. Requests the Preparatory Committee of the United Nations Conference on Human Settlements (Habitat II) to consider the housing requirements of the Palestinian people in the agenda for the United Nations Conference on Human Settlements (Habitat II), due to be held in Turkey in June 1996;

6. Further requests the Executive Director to present to the Commission at its fifteenth session a comprehensive report on the progress made in the implementation of the present resolution.

7th plenary meeting
5 May 1993

14/10. Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat)

The Commission on Human Settlements,

Recalling its resolution 8/1 of 10 May 1985, in which it decided that sessions of the Commission would be held only during odd-numbered years,

Recalling also its resolution 13/3 of 8 May 1991, in which it decided to request the Executive Director of the United Nations Centre for Human Settlements (Habitat) to meet informally, at least four times a year, with the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) to review progress in the implementation of the programme of the Centre and of Commission resolutions, as well as specific issues proposed by the Permanent Representatives or by the Executive Director, and to report the recommendations to the Commission,

Noting with satisfaction the good cooperation between the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) and the Centre and the important role played by the Committee, with the assistance of the Centre, in the preparation of the fourteenth session of the Commission on Human Settlements,

Noting also that the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) is a suitable forum for communication between the Executive Director of the Centre and Governments,

Recognizing the growing importance of the Committee's role and its potential in assisting the Executive Director in reviewing the implementation of the programme of the Centre,

Recognizing also a potential role of the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) in preparations for the United Nations Conference on Human Settlements (Habitat II),
Recognizing further the overriding call for a greater transparency of the Centre’s activities,

1. **Decides** that the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) will meet regularly, at least four times a year, to assess, in close cooperation with the Executive Director, the implementation of the decisions of the Commission on Human Settlements and also any other human settlements problems which the Committee decides to put on the agenda;

2. **Recommends** that the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) request the Executive Director, in advance of its meetings, to provide information on all matters which were included in the agenda;

3. **Recommends also** that the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) make recommendations on the matters discussed at the Committee’s meetings to the Executive Director of the Centre for her/his consideration and for further reporting to the Committee and to the Commission;

4. **Invites** the Executive Director of the United Nations Centre for Human Settlements (Habitat), in collaboration with the Executive Director of the United Nations Environment Programme, to examine the feasibility of holding the meetings with the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) on the same day as the meetings of the Committee of Permanent Representatives to the United Nations Environment Programme, without incurring additional costs to the United Nations Centre for Human Settlements (Habitat) for simultaneous interpretation services.

7th plenary meeting
6 May 1993

14/11. **Assistance to victims of apartheid in the Republic of South Africa**

The Commission on Human Settlements,

**Noting** the positive trend in South Africa towards democratization of the political system,

**Recalling, inter alia**, General Assembly resolution 47/116 A of 18 December 1992 on international efforts towards the total eradication of apartheid and support for the establishment of a united, non-racial and democratic South Africa, in which the Assembly appealed to the international community for assistance to South Africa in its efforts to tackle housing problems, and Assembly resolution 36/80 of 9 December 1981,


**Aware** of the deplorable living conditions of the majority of the population of South Africa,
NEW OBJECTIVES, ROLE AND PLACE OF THE UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (HABITAT) WITHIN THE UNITED NATIONS SYSTEM

Note by the Secretariat

The report annexed to this note is being submitted to the Preparatory Committee for the United Nations Conference on Human Settlements (Habitat II) at the request of the Commission on Human Settlements by its resolution 14/19 of 5 May 1993. (See also document A/CONF.165/PC.3/4/Add.3, "Matters arising out the Deliberations of the Commission on Human Settlements at its fifteen session, Nairobi 24 April - 1 May 1995").
NEW OBJECTIVES, ROLE AND PLACE OF THE
UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (HABITAT)
WITHIN THE UNITED NATIONS SYSTEM

Report of the Executive Director

SUMMARY

The present report is submitted pursuant to Commission on Human Settlements resolution 14/19 on the "Role and place of the United Nations Centre for Human Settlements (Habitat) in the United Nations System", by which the Commission requested the Executive Director to submit to it at its fifteenth session a report on "New objectives, role and place of the United Nations Centre for Human Settlements (Habitat) within the United Nations system", including the question of separate senior management arrangements for the Centre. The resolution was adopted following the Commission's consideration of issues arising from the proposal of the Secretary-General of the United Nations, submitted to the General Assembly in the context of the restructuring of the Secretariat, to abolish the Under-Secretary-General post of Executive Director of the United Nations Centre for Human Settlements (Habitat) and place the Centre under common direction with the United Nations Environment Programme.

In responding to this request, the report first brings the Commission up-to-date on developments in regard to the issue of "separate senior management arrangements for the Centre" and then proceeds to address the subject of "New objectives, role and place of the United Nations Centre for Human Settlements (Habitat) within the United Nations system". The exploration of these matters, from the point of view of the secretariat, focuses on proposed new objectives, functions and substantive priorities of the Centre in the post-Habitat II period, among other issues. As the United Nations Conference on Human Settlements (Habitat II) has been requested by the General Assembly to make recommendations on ways in which the role of the United Nations and existing international institutional arrangements for international cooperation and coordination in the field of human settlements can be strengthened, the Commission's views on these matters will contribute to the work of the Preparatory Committee for the Habitat II Conference.
INTRODUCTION

1. At its fourteenth session, on 5 May 1993, the Commission on Human Settlements adopted resolution 14/19 entitled "Role and place of the United Nations Centre for Human Settlements (Habitat) in the United Nations system". The resolution was adopted following the Commission’s consideration of issues arising from the proposal of the Secretary-General of the United Nations, submitted to the General Assembly in the context of the restructuring of the Secretariat, to abolish the Under-Secretary-General post of Executive Director of the United Nations Centre for Human Settlements (Habitat) and place the Centre under common direction with the United Nations Environment Programme.

2. In this connection, the Commission had before it the draft resolution adopted by the Fifth Committee of the General Assembly at its 66th meeting on 21 April 1993 by which the Assembly would decide to defer action on the Secretary-General’s proposal and request him to "reconsider it and to report in the context of the programme budget for the biennium 1994-1995 on future Secretariat support arrangements for the United Nations Environment Programme and the United Nations Centre for Human Settlements (Habitat), including the question of separate senior management arrangements for the Centre, taking into account the views and recommendations of the Commission on Human Settlements, the Governing Council of the United Nations Environment Programme and the Economic and Social Council and the views expressed by Member States".

3. In its resolution 14/19, the Commission, inter alia:

   (a) Confirmed the importance of the United Nations Centre for Human Settlements (Habitat) as a focal point for human settlements action and the coordination of activities within the United Nations system, as provided for in General Assembly resolution 32/162;

   (b) Expressed its firm conviction that the current and projected state of human settlements development necessitates and justifies the continued existence of a separate and distinct United Nations entity at the Secretariat level to pursue work, for the benefit of Member States, in this critical area of economic and social development;

   (c) Welcomed section III of General Assembly resolution 32/162, which provides for the appointment of an Executive Director of the United Nations Centre for Human Settlements (Habitat), and strongly recommended that the United Nations Environment Programme and the United Nations Centre for Human Settlements (Habitat) be kept under distinct senior management in accordance with the specific nature and activities of the two bodies;

   (d) Noted with appreciation the recommendation of the Fifth Committee, as contained in the above-

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1 A/C.5/47/L.36: subsequently adopted by the General Assembly at its 102nd plenary meeting, on 6 May 1993, as resolution 47/212B
mentioned draft resolution 2 regarding the request to the Secretary-General to present, in accordance with the principles and guidelines contained in General Assembly resolution 46/232 of 2 March 1992, adequate proposals in the context of the proposed programme budget for the biennium 1994-1995 to reflect the status of Nairobi.

4. The Commission then requested the Executive Director of the Centre to submit to it at its fifteenth session a report on "New objectives, role and place of the United Nations Centre for Human Settlements (Habitat) within the United Nations system" for further transmission, with its recommendation, including the question of separate senior management arrangements for the Centre, to the United Nations Conference on Human Settlements (Habitat II), through its Preparatory Committee. It is recalled in this connection that the Habitat II Conference has been requested by the General Assembly to make recommendations on ways in which the role of the United Nations and existing institutional arrangements for international cooperation and coordination in human settlements - the Commission and the Centre as its secretariat - can be strengthened.

5. The present report is submitted pursuant to the above request. In responding to the request, it is proposed, in the interest of clarity of presentation to, first, bring the Commission up-to-date on subsequent developments with respect to the issue of "separate senior management arrangements for the Centre" and, thereafter, to address the issue of "New objectives, role and place of the United Nations Centre for Human Settlements (Habitat) within the United Nations system".

1. ROLE AND PLACE OF THE UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (HABITAT): ACTIONS AND DECISIONS OF THE GENERAL ASSEMBLY SINCE THE FOURTEENTH SESSION OF THE COMMISSION ON HUMAN SETTLEMENTS

6. The report of the Commission on Human Settlements on the work of its fourteenth session, including its resolution 14/19, was considered by the General Assembly, at its forty-eighth session, in 1993. In its resolution 48/176 of 21 December 1993 entitled "Human settlements", and adopted on the recommendation of the Second (Economic and Financial) Committee, the General Assembly, inter alia, endorsed the report of the Commission on Human Settlements on its fourteenth session, and requested the Secretary-General:

(a) To ensure that the United Nations Environment Programme (UNEP) and the United Nations Centre for Human Settlements (Habitat) are kept under distinct and separate management and direction, in accordance with their specific mandates and activities;
(b) To give full consideration to the views expressed by Member States regarding the leadership of the United Nations Centre for Human Settlements (Habitat), in the context of ensuring high-level leadership to the Centre through separate and distinct management and direction;
(c) To ensure that, in the restructuring of the United Nations system, the Centre is maintained as the global focal point for human settlements and that its institutional capabilities are strengthened at its headquarters, maximizing the effectiveness of national and regional operations.

7. The General Assembly also invited the Secretary-General to submit to it at its forty-ninth session "a report on the implementation of the present resolution and on the progress made in adequate preparations for the United Nations Conference on Human Settlements (Habitat II)".

8. The issue of UNCHS (Habitat)'s senior management structure also came up in the Fifth (Administrative and Budgetary) Committee of the General Assembly, during the forty-eighth session, in the context of two other agenda items: Review of the administrative and financial functioning of the United Nations, and Programme budget for the biennium 1994-1995. The Committee had before it in this connection a report of the Secretary-General on "High-level posts" in which the Secretary-General, responding to the request contained in resolution 47/212B (see para 2 above) and taking into account the views expressed in the relevant intergovernmental forums, particularly resolution 14/19 of the Commission on Human Settlements, had outlined plans for a distinct senior management structure for UNCHS (Habitat) under common direction with UNEP 3. Two resolutions were adopted by the General Assembly in this connection, on the recommendation of the Fifth Committee. In resolution 48/218 of 23 December 1993, on Review

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3 A/C.5/48/9, paras 24-27
of the efficiency of the administrative and financial functioning of the United Nations, the General Assembly reiterated its requests relating to the United Nations Centre for Human Settlements (Habitat) as contained in its resolution 47/212B and decided to maintain the current approved senior management arrangement for the Centre. In a second resolution (resolution 48/228), entitled "Questions relating to the programme budget for the biennium 1994-1995", the General Assembly accepted the proposal of the Secretary-General on the staffing level for the Centre for the biennium which included the post of Executive Director at the Under-Secretary-General level.

9. At its forty-ninth session, in 1994, the General Assembly received the report of the Secretary-General called for in its resolution 48/176 (see paras 6 and 7 above). In this report (A/49/460), presented to the Second Committee, the Secretary-General states that he fully shared the views of Member States concerning the important role of UNCHS (Habitat) in fostering the international community’s development agenda in the area of human settlements as well as to the concern to maintain, and indeed strengthen, the activities and institutional identity of the Centre. The Secretary-General goes on in the report to outline the various steps which he had taken since the adoption of the resolution to implement its provisions, especially with respect to strengthening the Centre’s management structure and preserving its institutional identity. Notable among such steps was the appointment, with effect from 15 February 1994, of an Assistant Secretary-General to serve as the senior manager of UNCHS (Habitat) and Secretary-General of the United Nations Conference on Human Settlements (Habitat II). The objective of this appointment was "to assure effective management and leadership of the Centre as a distinct Programme, and to provide the necessary leadership for the preparatory work of the Conference".

10. The Secretary-General then referred to his report on the restructuring of the United Nations Secretariat in the economic and social sectors (A/49/336, paras. 164-170), in which he had noted the potential gain in efficiency and synergy that could be achieved through measures aimed at enhancing the coherence in the management of UNEP and UNCHS (Habitat), while respecting fully the institutional and operational identity of these distinct Programmes. It was in this context, the Secretary-General pointed out, that proposals were being drawn up for the establishment of a common administration and support service for the United Nations entities in Nairobi. Such a common service, which was to be the subject of a separate submission to the General Assembly, would seek to strengthen the capacity of both UNEP and UNCHS (Habitat) in the delivery of their mandated programmes of activities, by eliminating duplication and unnecessary fragmentation, particularly in areas such as staff services, conference services, finance and other general support services, including contracts and procurement, travel, library and information facilities.4

11. The Second Committee recommended that the General Assembly take note of the report of the Secretary-General on the implementation of General Assembly resolution 48/176.

12. What emerges clearly from the foregoing review of developments since the adoption of Commission resolution 14/19 is the strong desire by Member States, shared by the Secretary-General, to maintain and indeed enhance the role of UNCHS (Habitat) as the global focal point for human settlements activities and to strengthen its capabilities as a Programme to meet the serious human settlements challenges of the coming years. What these challenges are and how the Centre can prepare for them provide the answer to the question that is anticipated by the Commission’s request in resolution 14/19 for a report on new objectives, role and place of the United Nations Centre for Human Settlements (Habitat) in the United Nations system. An exploration of these matters now follows.

II. NEW OBJECTIVES, ROLE AND PLACE OF THE UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (HABITAT) IN THE UNITED NATIONS SYSTEM IN THE POST-HABITAT II PERIOD

A. Background

13. As the century draws to a close, the thrust, focus and content of international and national development strategies are coming under close re-examination. This is not because the basic goals have changed radically; peace, economic growth, environmental protection, poverty reduction and human rights continue to be fundamental objectives of the international community. What has changed is the context in which these objectives have to be achieved. This changing global political, economic and social environment is in part a result of unforeseen and transcendental changes on the world political stage, such as the end of the Cold War. In part it is the result of secular trends, long in the

4 For the convenience of the Commission, the full text of the report of the Secretary General on the implementation of General Assembly resolution 48/176 of 21 December 1993 (A/49/640) is attached as an annex.
making, whose full impact are being felt now and which will condition development policy-making for decades to come. In effect, the "rules of the game" are being changed.

14. Among these secular trends are:

(a) The globalization and integration of the international economy, greatly aided by the ongoing revolution in informatics and communications technology, which is leading to a coincidence in approaches to macro-economic policy in all countries for the first time in the period since the Second World War.
(b) Democratization and expansion of participation in many countries, which is transforming the political landscape at both the national and local levels. It is also expanding the number of actors who seek actively to influence the policy-making and resource-allocation processes and increase the pressure for social and economic improvements, especially at the local level;
(c) The gradual reduction of the public sector from a primary force in the national economy to a subsidiary or enabling role, with economic development becoming more and more a primary responsibility of private economic agents;
(d) The ecological vulnerability of the planet and the shrinking of the world's natural resource base, which have led to a global consensus on more environmentally-sustainable approaches to development and economic growth world-wide;
(e) Rapid urbanization over the past two decades, a process which is continuing in most developing regions, and greatly expanding the political, economic, social and environmental role of cities and towns, transforming both urban and rural areas and the relations between them, as well as generating escalating demands for infrastructure, services, housing, employment and income-earning opportunities.

All the above explain in great part the continuum of global conferences hosted by the United Nations during this decade, beginning with the United Nations Conference on Environment and Development (UNCED) and ending with Habitat II, whose principal aim is to forge a new global consensus on an approach to international and national development, consistent with global trends and the changing international political environment.

15. Both the emphasis on human settlements in Agenda 21 as one of its eight principal social and economic umbrella programmes and the decision of the General Assembly to hold the second United Nations Conference on Human Settlements (Habitat II) in Istanbul in 1996 confirm that human settlements and the need for their accelerated development, as a consequence of overall population growth and urbanization, is becoming a high-priority global challenge and increasingly the focus of attention of national and international policy-makers in the pursuit of sustainable development. In the coming years, the emphasis of global and national development strategies will, as the proportion of urban populations grows, inevitably begin to shift to cities and towns and to policies and programmes to respond to pressing political, social, economic and environmental issues produced by urbanization, a process which is transforming the respective roles of urban and rural areas in social and economic development. Increasingly, over the coming decades, sectoral programmes and policies, as derived from global and national development strategies, will have to be implemented at the local level. Moreover, current and projected trends provide ample evidence that future human settlements policy will influence - and will be influenced by - progress on other global development issues: conditions of trade and economic interdependence; natural-resource consumption patterns; population growth and distribution; resource mobilization; poverty alleviation; employment generation; gender equity; governance; human rights; democratization; technology transfer; environmental protection; and international cooperation. All this underscores the necessity of securing a central place for human settlements in the global agenda for development and as a strategic and critical cross-cutting component of the development process.

B. UNCHS (Habitat)'s Future Work: Objectives and Focus

1. The Centre's mandate: the legislative foundation for future activities

16. In its resolution 32/162 of 19 December 1977, the General Assembly provided the Commission and the Centre with a sweeping mandate sufficient in scope to allow both to promote the integral concept of human settlements and a comprehensive approach to human settlements problems in all countries as an instrument of socio-economic development. This mandate reflected the wide-ranging recommendations for national action of Habitat: United Nations Conference on Human Settlements, which were endorsed by the General Assembly.

17. Although the General Assembly, in its resolution 32/162, recognized that many international organizations carry out activities related to human settlements development, only the Centre, within the United Nations system,
through the plan of action of the Vancouver Conference, received the sole mandate in such critical areas as spatial and physical planning, land, finance, institutional development, management, housing, services and infrastructure, among others, which are the key to developing and implementing policies and programmes for sustainable human settlements development. Having been given the responsibilities in these core areas, it places the Centre in a very advantageous position, in fact a position of comparative advantage, vis-à-vis other entities of the United Nations system, to take the lead in assisting Member States in devising integrated and comprehensive approaches to human settlements development, and to coordinate, and integrate, these with the sectoral activities of other United Nations entities related to human settlements.

18. This has taken on a greater relevance in light of past and current urbanization trends and the need to respond to them. Looking ahead, and with an eye towards the future work of the Centre, it is therefore not a matter of expanding and changing the mandate provided by resolution 32/162, given its scope, but rather one of prioritization and intensification of work, of setting new accents and of placing greater emphasis on some mandated responsibilities in the light of changing global human settlements conditions and trends.

(a) Building on past achievements

19. The Centre's past and current activities in carrying out the human settlements programme of the international community and in assisting Member States in their human settlements development efforts, and in the implementation of such global policy instruments as the Global Strategy for Shelter to the Year 2000, present a laudable record of work and achievements. Certainly the Centre has become the effective secretariat that the General Assembly called for in its resolution 32/162 of 1977. Over the past two decades, UNCHS (Habitat), as a consequence of its research and operational activities, has become a recognized depository of knowledge and experience within the United Nations in the field of human settlements development. Its technical cooperation activities have generated the greatest ratio of follow-up investments of any of the sectors of United Nations Development Programme (UNDP) assistance, making it one of the most highly-leveraged departments of the United Nations system. All of the preceding place the Centre, when it comes to leading the future human settlements development efforts of the United Nations, in a further position of comparative advantage vis-à-vis other departments, units and agencies, an advantage on which the Centre must build and which must be taken into full account in discussions surrounding its future new role, objectives and place within the United Nations system.

(b) The need for a strategic focus

20. However, a review of the Centre's past work also reveals a number of issues which must be resolved and which must be placed in the category of "lessons learned", to be addressed by the international community when it meets at the City Summit in Istanbul in January 1996. The principal one is the need for the Centre to focus on well-defined objectives in its work, concentrating on those strategic issues which will be fundamental, and not peripheral, to achieving sustainable human settlements development over the next two decades, and through which the Centre can also make a substantial contribution to broader development objectives of the international community in the political, social, economic, humanitarian and environmental fields. This is also foreseen in General Assembly resolution 47/180, by which the General Assembly called for the convening of a second United Nations Conference on Human Settlements. Such a strategic focus, followed through by a work programme consisting of a limited number of mutually-reinforcing substantive areas, would also have the additional benefit of concentrating the resources of the human settlements programme on a number of core tasks, rather than dissipating them in a myriad of issues of lesser and greater magnitude in terms of impact.

(c) Linking human settlements development with international development strategies and policies

21. The selection of these core substantive areas should be such that they do not only provide the means through which to advance the strategic objectives of the Centre, but also, by doing so, support other key sectoral development activities of the international community and national governments. In other words, the work of the Centre should concentrate on those matters within its mandate which have the greatest beneficial impact and catalytic effect on the wider development process. The emphasis here should be on linkage, not on work that is carried on in isolation, informed by an understanding of the impact of the Centre's work on other sectoral areas of development policy. This would also position the Centre more favourably to shape the development priorities of the day. It would also make it easier for the Centre to enter into a more productive dialogue with other actors who are shaping the development agenda of the twenty-first Century. This would also be in line with the spirit and the letter of General Assembly
resolution 32/162, which placed great emphasis on the Centre's cooperation and coordination with all other entities and actors whose work impacts on human settlements development.

(d) Future objectives

(i) Responding to Urbanization.

22. The themes selected for the second United Nations Conference on Human Settlements (Habitat II) already give a clear indication of what the objectives of the Centre's work should be in the post-Habitat II period. Clearly the most important of these is provided by the Conference's theme of sustainable human settlements development in an urbanizing world. As urbanization is one of the aforementioned global trends which will make a major contribution to conditioning the direction and content of development policies in most countries in the coming decades, it provides a strategic entry point for UNCHS (Habitat) and to make a substantial contribution to the development agenda of the international community. Such a step is the more logical as UNCHS (Habitat) is again in a position of comparative advantage within the United Nations system as a consequence of its past experience and work, to support national governments and local authorities in shaping and implementing policy and programme responses to world urbanization processes.

(ii) Addressing shelter needs.

23. The second objective should, again with reference to the themes of the Habitat II Conference, be housing and housing development, but this second objective should be more closely integrated with the first. There are a number of compelling reasons for this, the most important of which is that, given current and projected urbanization trends in most countries, shelter needs are becoming most critical in rapidly-growing settlements because of escalating demands coming on top of an accumulated backlog in both shelter construction and related basic services. It also allows the shelter component to be integrated in a broader settlements development programme in a manner which is mutually supportive. This in turn may lead to more successful shelter programmes.

(c) UNCHS (Habitat)'s future work: the rural dimension

24. Giving priority to the preceding objectives would not, of course, mean abandoning rural settlements. The national scope of shelter strategies derived from the enabling principles of the Global Strategy for Shelter in the Year 2000 would ensure an impact in the rural areas as well. However, experience has by now shown, accelerated shelter construction and improvement cannot be divorced from its broader economic, social and spatial development context. The lack of a broad rural development mandate for UNCHS (Habitat), and the fact that several United Nations agencies are heavily involved in that field, makes it difficult for the Centre, as experience has also shown over the past decades, to have a direct influence on rural housing construction at a village level. While urban housing improvement is best achieved within a comprehensive urban development strategy, improved rural housing mainly depends on an integrated approach to rural development. In the latter, UNCHS (Habitat), apart from an advisory and technical support role at the level of national housing policy, can only have a presence within the framework of policies to develop market towns and rural service centres. Thus, in any case is an urban development function, albeit a function which is directly supportive of the modernization of the rural economy, and one which the Centre has not taken advantage of in the past to the degree that is desirable. A future goal of UNCHS (Habitat) would, therefore, be to strengthen the network of small and medium-sized settlements in rural regions in order to provide attractive economic and employment opportunities and ease migratory pressures on large metropolises. Such programmes can provide a vital pillar of support for sustainable agricultural development in future.

(f) UNCHS (Habitat)'s future role

25. UNCHS (Habitat)'s future role, in effect, would be to take the lead in international efforts to support governments and local authorities manage the urban transition from village to town, from city to urban agglomeration. This would also allow for a more effective integration of future responsibilities under the two themes - shelter and urbanization - as they will emerge out of the Habitat II Conference. Finally, it would provide for greater visibility for the Centre, as well as a more defined and focused identity vis-à-vis governments, the external assistance community and other entities of the United Nations system. Such a clear identity and focus would not only concentrate the scarce human and financial resources of the Centre and allow, both externally and internally, for cohesiveness in approach. It will also make it easier for UNCHS (Habitat) to reach out to potential clients and partners as the preeminent centre
of expertise in a more recognized sector of development. Such a clear focus could also mobilize greater donor support. The new objectives of the Centre’s work, as described, are not new. What would be new is the heightened degree of explicit emphasis on them, especially in regard to urbanization. As the mandate of the human settlements programme is so comprehensive, it makes it incumbent on the Centre to re-order its priorities and to refocus its work periodically to reflect changing global human settlements conditions and trends and emerging human settlements issues critical to achieving the goals of the development agenda of the international community. Over the next twenty years, the critical issue which must serve to refocus the work of the Centre is the comprehensive response to urbanization for the reasons already cited. This would only seem natural and reasonable and in line with the spirit of the Vancouver Conference and the letter of General Assembly resolution 32/162. If settlements, as a consequence of urbanization processes, will become more and more the focus and locus of development activities of both sectoral national ministries and the sectoral programmes of external assistance agencies, UNCHS (Habitat) will be called upon to provide the expertise and advice to integrate these into comprehensive development responses at the local level. If it is unable to do so, the Centre will find itself increasingly marginalized in the development process, as well as in breach of its own mandate.

C. Future functions of the Centre

26. It is clear from the above discussion that, apart from its important function as the secretariat to the Commission on Human Settlements through which it will continue to support the international policy responsibilities of the Commission, the Centre will have to concentrate on functions which are most vital to achieving its strategic objectives. In some cases these would be new functions, in others an expansion of existing ones, by giving them greater importance and priority. These must include:

(a) Policy advice at the national and international levels on how to develop policy and programme responses to urbanization, and, in particular, on how to formulate and implement integrated settlements development policies covering both rural and urban areas within the framework of broader macro-development strategies. Reflecting the Centre’s established expertise, such policy advice would address the spatial, physical, social, institutional, management and environmental dimensions of settlements development in a comprehensive fashion, drawing strength from, and integrating, the substantive areas of its future work programme. In a departure from past practice, such policy prescriptions would include an increased attention on political and economic aspects which shape human settlements development in order to give them greater weight and credibility.

(b) Operational activities focusing on capacity-building in order to enhance the capabilities of national and local authorities to identify and analyse critical human settlements development issues; to formulate and effectively implement policies and programmes which respond to them; and to efficiently manage the process of settlements growth and development at the local level. Such capacity-building should extend to non-public actors as well, especially non-governmental organizations (NGOs); community and womens groups, and the private sector, in order to strengthen the capabilities of all those political, social and economic institutions and organizations of civil society active in the area of human settlements management and development.

(c) Awareness-building and information activities to ensure that human settlements development issues in general, and concerted policy and programme responses to urbanization in particular, are brought into the mainstream of the development objectives of the international community and national governments. One aim of these activities would be to create greater awareness of the political, economic, social and environmental implications of a rapidly urbanizing planet and the need to respond to these. Others would be to build a global constituency for the work of the Centre, to reach potential partners in the public, private, community and voluntary sectors, and to build networks among them, as well with the Centre. The ultimate institutional goal of such awareness and information activities would be to strengthen the base of political and financial support for the work of the Centre.

(d) Coordination and collaboration with multilateral and bilateral partners and joint programming, leading to increased and more effective cooperation between the Centre and other entities within and outside the United Nations system. Until now such coordination and cooperation has primarily focused on specific issues; within the context of designated projects, many of which were limited in time, space and scope. The hallmarks of such a reinforced coordination function would be a continuous policy dialogue with others whose sectoral development activities impact on human settlements; the building of consensus on common approaches to critical issues; the formulation of multi-agency and multi-sector long-term support programmes; and a key role for UNCHS (Habitat) in implementing these at the local level.

(e) Mobilization of finance, primarily from third-party sources, for settlements development. This would also make the policy adversary function of UNCHS (Habitat) not only more credible but would also give it greater clout and desirability. UNCHS (Habitat) should focus on “financial intermediation” between national and local partners,
on the one hand, and private and multilateral and bilateral sources of project and programme finance, on the other, building on its past experience of leveraging seed money for human settlements projects into substantial funding.

(f) A multidisciplinary and thematic approach to research and development, focusing on the continuous monitoring and analysis of critical settlements trends and issues, and of policies and programmes of governments and the international community to respond to urbanization and their impact. This should ultimately lead to the identification and global exchange of best practices in human settlements management and development. One goal of future research activities should be to allow UNCHS (Habitat) to become a "global urban observatory" and a centre of knowledge on socio-economic and environmental trends and issues as they affect and, are affected by, human settlements development. Another goal of research must be to provide direct support for the Centre's operational and information activities.

(g) Identification and diffusion of knowledge and application of new and promising technologies. The pattern and pace of settlements development and urban growth is particularly influenced by new developments in the fields of technology, including the impact of the informatics and communications revolution, as well as new innovation in energy use, transport technology, building-materials use and environmental infrastructure, among others. The Centre should focus on monitoring these developments, leading to the Centre functioning as a clearing house for the exchange of new and promising human settlements technologies, especially of those which can lower the cost of future infrastructure outlays, make basic services more affordable for lower-income groups, and which minimize detrimental environmental impacts.

27. The functions just proposed: policy advice; awareness-building; financial intermediation; monitoring and analysis of trends and emerging issues; identification and diffusion of new technologies; coordination; and operational activities focusing on capacity-building, in toto, should constitute the menu of major instruments and operational support services most appropriate for assisting countries in shaping integrated and comprehensive settlements development policies and programmes over the coming decades, independent of the substantive content of the Centre's future work programme. They would place the Centre in an ideal position to intervene effectively at all three key levels: global, national and local. They would also provide the most cost-effective means by which to employ the resources of the Centre to achieve its principal future objectives, which will be to assist the international community, national governments and local authorities to elaborate and implement policy and programme responses to urbanization processes and concomitant rising shelter needs as they affect all categories of settlements in both rural and urban areas, so as to ensure sustainable social, economic and human development at the local level.

D. Substantive priorities

28. One indication of the kind of substantive programme of work which is required to support the future objectives as described is already provided by the Centre's draft work programme for the biennium 1996-1997, which is before the Commission as document HS/C/157. The substantive orientation of this draft work programme has already incorporated those issues which the Preparatory Committee for the Habitat II Conference has identified as of particular relevance to the Global Plan of Action and which, because of their cross-sectoral nature, make them central elements of an integrated policy approach to human settlements development. The ultimate configuration of the Centre's work programme, as well as of the Centre's future functions, will however, depend on the Global Plan of Action which will be approved by the international community at the City Summit in 1996.

1. Integrating other plans of action at the local level

29. Beyond this, the new Agenda for Development and Agenda 21, as well as the global plans and programmes of action, already adopted or to be adopted, by the United Nations-sponsored global conferences which have followed UNCED, all have implications for human settlements management and development at the local level. In fact, it is a specific charge of the Habitat II Conference to integrate recommendations of these past Conferences which influence - and are influenced by - human settlements development, into its Plan of Action, so that these objectives can also be realized at the local level. This would appear to give the Habitat II Conference a specific responsibility to elaborate an integrated settlements development framework and the means and tools to implement it. The importance of success of local level implementation to the outcome of other global programmes and plans of action has already specifically been recognized by the Commission on Sustainable Development in the case of Agenda 21, and this is why that Commission has explicitly indicated that the Global Plan of Action of Habitat II, and its implementation, will be critical to the implementation of Agenda 21, since many of its programmes, and not just chapters 7 and 21, depend on successful implementation at the local-settlements level.
2. Disaster mitigation, reconstruction and development: a necessary new priority

30. As for the one new subprogramme in the 1996-97 work programme, Managing disaster mitigation, reconstruction and development, it makes explicit what UNCHS (Habitat) has been doing on a project-by-project basis at the request of national governments over the past two decades. It requires an integrated and settlements-wide approach, combining physical planning, infrastructure development, construction activities, and the building of management capacity. No other agency or organization at present has the in-house technical capacity and operational experience to carry out these functions successfully and on short notice. It also serves to complement and give further credence to the assertion that the Centre is the best agency to coordinate an integrated policy and programme response to urbanization in general.

E. Strengthening existing institutional arrangements

1. Broadening the scope of sectoral representation in the Commission

31. In light of the new proposed focus, objectives and priorities of the Centre, some careful consideration has also to be given to how to strengthen the role of the Commission on Human Settlements so that it can effectively carry out its work at the international level and within the United Nations system, in line with new responsibilities which may emerge as a consequence of the City Summit. If, as in this report, a priority objective in the Centre’s work in assisting national governments becomes policy advice and integrated multi-sectoral responses to urbanization, this would have to be complimented by a broadening of the policy-formulation and policy-advisory functions of the Commission at the international level. In order for those functions to have the maximum impact, and given both the complexity of future settlements development work and the centrality of settlements-centred activities in the future to national and international development efforts, the Commission may wish to consider opening its deliberative process to representatives of a wider spectrum of sectoral ministries (notably Ministries in charge of local authorities), encompassing a range of actors, both at the national and local levels, whose work and responsibilities are of most direct impact on human settlements development, including those responsible for economic development and finance. This would, in any case, only involve a formal recognition of a process which is already taking place in the case of individual delegations to the Commission. This would also give greater authority and weight to the Commission’s policy role, and largely mute considerations regarding the creation of a new intergovernmental body to oversee the human settlements programme of the international community in the post-Habitat II period.

2. Strengthening the Centre’s internal structure

32. As for strengthening the organizational structure of the Centre, it stands to reason that new objectives also will require modifications in the organizational structure to ensure efficient and effective integration of the functions described in paragraph 26 of this report, including a strong internal evaluation mechanism within the Centre to ensure that work is up to the highest standard and complementary in terms of goals and outlook.

3. Proximity to partners in operational support

33. As for operational support, which will be central to the implementation of the Centre’s objectives in the decades ahead, even more so than in the past, by providing the principal link with national and local partners, one has to assess how best, and through what means, to provide operational support services to those partners in future. This issue, and possible options, are discussed in the report on "Strengthening of regional activities", submitted to the Commission as document HS/C/15/2/Add.3.

F. A renewed funding base

34. Any discussion on the new role, objectives and place of an organization inevitably leads to a review of its financial implications. This is also true in the case of UNCHS (Habitat). Certainly the Centre’s future work must have a sound financial base. This is not only in the direct institutional interest of the Centre, but also in the interest of Member States, which will increasingly have to avail themselves of the Centre’s services as they come to grip with pressing settlements development and housing problems. Most assistance that they will require will have to be delivered in the form of UNCHS (Habitat) operational support.
1. A new partnership with the United Nations Development Programme

35. In the past, the United Nations Development Programme was the main source of funding for the Centre's operational activities, but this contribution is declining, in part due to diminishing voluntary contributions to UNDP, but also as a consequence of the Programme approach adopted by UNDP, which favours large cross-sectoral thematic programmes over sectoral programmes, such as human settlements as presently understood by UNDP. In view of this, one possibility to explore would be to work to convince UNDP of the cross-sectoral nature of human settlements work, as pointed out earlier in this report. The wisdom of having human settlements development included as one of its key cross-sectoral priority areas should be impressed upon UNDP, especially in light of the looming urban development challenge. Likewise, UNDP should be made aware of the desirability of having UNCHS assist UNDP play its coordinating role at the country level, with the Centre becoming UNDP's principal implementing agency for local development. Here it could also be pointed out that the complexity of the urban development process in particular, and the relatively limited experience of many developing countries in dealing with urban issues, which have only arisen over the past two decades or less, require expertise and knowledge which can only be provided by an agency with specialized expertise such as the Centre. The efficacy of such an approach is already demonstrated by the Centre's Urban Management Programme, in which UNDP is a major partner.

2. Increase in regular budget resources

36. In addition, UNCHS (Habitat)'s development-oriented functions, which as a consequence of the recommendations contained in this report would, performace, have to be enhanced and strengthened, should in future benefit from an increase in the flow of regular budget resources to the Centre. These would be designated to support new and vital functions of the Centre and provide a small, but stable and predictable base around which new extra-budgetary resources could be mobilized for these functions. Given the overall budgetary constraints of the United Nations, such a request may appear illusory. However, on careful consideration, and given the expected prominence of settlements development matters in future, it must be considered justified, especially if kept within reasonable limits. It would be in line with the intention of the General Assembly and the Secretary-General, as referred to earlier in this report, to strengthen the capabilities of the Centre to carry out its human settlements development activities for the benefit of Member States.

3. Enhancing contributions to the United Nations Habitat and Human Settlements Foundation

37. A request for a small, but necessary increase in regular budget resources to enhance those development-oriented functions of UNCHS (Habitat) of most immediate and direct benefit to Member States, must be combined with a strategy to bring about a significant increase in the voluntary contributions to the UNCHS (Habitat) and Human Settlements Foundation. One way to proceed in order to increase the flow of voluntary contributions would be to consider expanding the role of the Foundation and to open it to contributions from local governments, private foundations, and other potential donors.

5. A "local" window for the GEF

38. A further means of increasing the flow of financial resources for local development would be through the establishment of a "Local Environment Facility" as a fifth window of the Global Environment Facility (GEF), the principal designated source of funding for the implementation of Agenda 21. It would provide an additional means by which national and local governments could access seed money for environmental infrastructure outlays, the demand for which in many countries is overwhelming. The Centre, would by virtue of its mandate, have to be considered as the logical manager of such a "Local Environmental Facility". This by itself could greatly enhance the role of the Centre, and facilitate the successful implementation of its responsibilities, new and old, at the global, national and local levels.

5. Accessing private capital for local development

39. Finally, some careful thought has to be given on the forms and modalities the future proposed "financial intermediation" role of UNCHS (Habitat) will assume, not just vis-à-vis established global and regional multilateral lenders and development funds, as well as other bilateral funding institutions, but especially vis-à-vis the private sector, particularly global and regional financial markets, and especially for infrastructure financing. This could develop not only into an important new institutional function for the Centre, but also a significant source of income through the charging of, for example, fees for advisory services.
G. Building new partnerships

40. The understanding which informs the arguments put forth in this report, implicitly or explicitly, is that the new role, objectives and place in the United Nations system being contemplated for the Centre must be underpinned and reinforced by a web of partnerships both within and without the United Nations and which takes into account emerging new actors in the development arena, especially at the local level. Such partnerships should aim to strengthen cooperation, avoid duplication of resources, build consensus, and enhance the role of the Centre as a catalyst for action, at all levels, aimed at sustainable human settlements development.

1. Strategic alliances and system-wide joint programming

41. An increased focus on partnership in advancing human settlements development goals would also have to include, of necessity, a greater focus on building mechanisms for inter-agency collaboration in the work of the Centre, and here it could easily build on the accumulated experience of partnership with a great number of United Nations agencies, programmes and organizations in specific projects and programmes over the past decade. UNCHS (Habitat)’s principal role would be to catalyse strategic alliances and joint work on key issues. A step in that direction has already been taken through the establishment of the inter-agency Forum for Sustainable Urban Development, for which the Centre is providing the ad-hoc secretariat.

2. Cooperation with local authorities and their organizations

42. Another vital new partnership, which will be essential for the Centre’s new role in assisting countries to manage the urban transition, needs to be developed with local authorities and their associations, both national and international. Mechanisms must therefore be established to elicit greater partnership and the fullest possible participation of local authorities and their associations in the work of the Centre and the Commission similar to the level of involvement already achieved in the case of NGOs and their associations.

3. A global network of research support

43. Finally, an intensified multi-sectoral policy and support function for UNCHS (Habitat) covering the entire scope of urban centres, from mega-cities down to market towns and rural service centres, and addressing their respective development needs, will only be credible if it has a reputation as a centre of excellence, of recognized knowledge and experience in all aspects of human settlements development and management. This will require the Centre to build up and expand its linkages with academic institutions and development research organizations. The aim of such an exercise would be to build a global network of research on human settlements development which could serve to support the new objectives and functions of the Centre in the post-Habitat II period and give them greater credibility and clout.
Annex

SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: UNITED NATIONS CONFERENCE ON HUMAN SETTLEMENTS (HABITAT II)

Report of the Secretary-General on the implementation of General Assembly resolution 48/176 of 21 December 1993 - (A/49/640)

1. In its resolution 48/176 of 21 December 1993 entitled "Human settlements", the General Assembly requested the Secretary-General:

(a) To ensure that the United Nations Environment Programme and the United Nations Centre for Human Settlements (Habitat) are kept under distinct and separate management and direction, in accordance with their specific mandates and activities;
(b) To give full consideration to the views expressed by Member States regarding the leadership of the Centre;
(c) To ensure that, in the restructuring of the United Nations system, the Centre is maintained as the global focal point for human settlements and that its institutional capabilities are strengthened at its headquarters, maximizing the effectiveness of national and regional operations.

2. The Secretary-General was also invited to report to the General Assembly at its forty-ninth session on the implementation of the resolution, as well as on the progress made in preparations for the second United Nations Conference on Human Settlements (Habitat II).

3. The report is submitted pursuant to the above requests.

4. The Secretary-General has taken careful note of the views expressed by Member States on the matter. In particular, the Secretary-General fully shares the views of Member States concerning the important role of the United Nations Centre for Human Settlements (Habitat) in fostering the international community's development agenda in the area of human settlements. In this regard, he shares the concern to maintain, and indeed strengthen, the activities and institutional identity of the Centre, in order, inter alia, to ensure adequate implementation of the Global Strategy for Shelter to the Year 2000 and related initiatives designed to arrest the deteriorating human settlements conditions in a great many parts of the world, and to ensure effective Secretariat support to the ongoing preparations for the second United Nations Conference on Human Settlements (Habitat II), convened for June 1996 in Istanbul, Turkey.

5. It is with the foregoing in mind, and consistent with the objectives sought by Member States, that the Secretary-General has taken a number of significant steps since the last session of the General Assembly to strengthen the Centre's management and leadership structure, as well as to preserve its institutional identity. Following the adoption by the General Assembly of resolution 48/176, the Secretary-General appointed, with effect from 15 February 1994, an Assistant Secretary-General who serves as the senior manager of Habitat and Secretary-General of the United Nations Conference on Human Settlements. The objective of this appointment was to ensure effective management and leadership of the Centre as a distinct Programme, and to provide the necessary leadership for the preparatory work of the Conference. It will be recalled, in this connection, that the General Assembly, in its resolution 47/180 of 22 December 1992, called on the Centre to serve as substantive secretariat of the Conference.

6. During the period under consideration, the Centre has delivered a substantial work programme, including an important contribution to the implementation of chapter 7 (Sustainable human settlement development) of Agenda 21 (with respect to which UNCHS (Habitat) has been designated task manager), and the servicing of two sessions of the Preparatory Committee for the United Nations Conference on Human Settlements (Habitat II), and has continued to execute successfully its substantive mandate relative to technical cooperation.

7. With respect to the preparations for the Conference, attention is drawn to the separate report of the Secretary-General on the subject (A/49/272). As noted in that report, preparatory activities for the Conference are proceeding satisfactorily at both the intergovernmental and national levels, as well as within the secretariat.
8. At the intergovernmental level, a meeting of the Preparatory Committee took place at Geneva from 11 to 22 April 1994, at which the Committee began the preparatory process for the Conference, and identified, for preliminary exploration, the major issues expected to be addressed by it. The session, at the opening of which the Secretary-General delivered the keynote address, was well attended, not only by Government delegations but also by a wide cross-section of United Nations Programmes, agencies and organizations, other intergovernmental organizations, representatives of local governments, and non-governmental and private sector participants. The Preparatory Committee made notable progress in its substantive work, adopting a clear set of operational objectives for the Conference as well as a framework for preparatory activities to be undertaken at the local, national and international levels until 1996.

9. Substantial preparatory work has also been initiated at the secretariat level. Following the first substantive session of the Preparatory Committee, contacts were initiated with United Nations agencies, other intergovernmental organizations, professional associations, non-governmental organizations and the private sector, to prepare a programmatic diagram for all activities in preparation for the Conference. The diagram is accompanied by a series of briefs which provide a summary description of objectives, outputs, activities and required funding for the activities leading up to and to be undertaken during the Conference.

10. This secretariat "blueprint" for the Conference and its preparatory activities contains three important elements:

(a) Core activities to be undertaken by the secretariat, including:

(i) Direct support to in-country preparation in a number of areas;
(ii) Development of substantive position papers on key Conference issues identified by the Preparatory Committee;
(iii) Preparation of substantive documentation for the preparatory process, including the draft Principles and Commitments and the Global Plan of Action to be adopted at the Conference;

(b) Partnership activities to be undertaken by other United Nations Agencies, intergovernmental organizations and international associations on issues and themes related to the Conference. The aim here is to enrich the preparatory process with the experiences gained and lessons learnt from ongoing activities involving the international community at large;

(c) Special programmes and awareness-building activities, to be sponsored or cosponsored by public and private sector foundations and professional associations. These are intended to mobilize specific audiences through, inter-alia, competitions and awards for best photographs, videos, press and media reporting on the cross-cutting issues and themes of the Conference, best urban designs and "best practices" in urban management.

11. Reports received by the secretariat also indicate progress in national preparations for the Conference. In accordance with the decisions of the Preparatory Committee, progress reports from national committees for the Conference are due by December 1994. Already, however, a large number of countries, both developed and developing, have communicated to the secretariat the start-up of their preparations for Habitat II. Complementing these national preparatory activities, a number of briefing missions to countries have been undertaken by the secretariat to stimulate, encourage and give advice on such preparations.

12. A significant development that also deserves notice in this context are the preparatory activities under way in Turkey, the host country of the Conference. These preparatory activities were launched at a major national event in July presided over by the President of the Republic of Turkey and attended by both the Chairman of the Preparatory Committee and the Secretary-General of the Conference.

13. The foregoing review confirms that substantial progress has been made in the implementation of General Assembly resolution 48/176 and, in particular, that UNCHS (Habitat) continues to pursue actively and successfully its mandated activities, including the preparations for the Habitat II Conference.

14. In his report on the restructuring of the United Nations Secretariat in the economic and social sectors (A/49/336, paras. 164-170), the Secretary-General outlined the potential gain in efficiency and synergy that could be achieved through measures aimed at enhancing coherence in the management of the United Nations Environment Programme (UNEP) and the United Nations Centre for Human Settlements (Habitat), while respecting fully the
institutional and operational identity of these distinct Programmes. It is in this context that, in addition to strengthening substantive collaboration, proposals are being drawn up for the establishment of a common administrative and support service for the United Nations entities at Nairobi. Such a common service, which will be the subject of a separate submission to the General Assembly, would seek to strengthen the capacity of both UNEP and Habitat in the delivery of their mandated programmes of activities, while preserving fully their institutional and operational identities. The new common administrative and support services area will result in the elimination of duplication and unnecessary fragmentation, particularly in areas such as staff services, conference services, finance, and other general support services, including contracts and procurement, travel, library and information facilities. The Secretary-General strongly believes that the establishment of such a unified administrative and support structure would not only enhance programme delivery at both UNEP and Habitat but would also greatly strengthen the United Nations presence in Kenya, and Africa as a whole.

Note

Eighteenth session
Nairobi, 12-16 February 2001
Item 4 of the provisional agenda*

ACTIVITIES OF THE UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (HABITAT): PROGRESS REPORT OF THE EXECUTIVE DIRECTOR

ROLE OF THE COMMITTEE OF PERMANENT REPRESENTATIVES TO THE UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (HABITAT)

Report of the Executive Director

Addendum

Introduction

1. In paragraph 2 of its resolution 17/5 of 14 May 1999 on the role of the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat), the Commission requested the Executive Director to: take the necessary steps to clarify the current status of the Committee of Permanent Representatives; explore the possibilities for its future status and role; indicate the consequential financial implications; and report on these matters to the Commission at its eighteenth session.

A. Current status of the Committee of Permanent Representatives

2. Currently there is no formal relationship between the Committee of Permanent Representatives to UNCHS (Habitat) and the Commission on Human Settlements. The rules of procedure of the Commission provide for the establishment of sessional subsidiary bodies (see rule 17, paragraph 1, of section V) but are silent on the establishment of inter-sessional subsidiary bodies. In fact, should the Commission wish to establish an inter-sessional subsidiary body, it would have to seek the specific approval of the Economic and Social Council as is stipulated in rule 24, paragraph 2, of the Council’s rules of procedure which stipulates:

"Except for the regional commissions, the commissions and committees of the Council shall not create either standing or ad hoc intersessional subsidiary bodies without prior approval of the Council."

* HS/C/18/1.

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B. Future status and role of the Committee of Permanent Representatives

3. In the view of the secretariat, and pursuant to the above-cited rules of procedure of the Economic and Social Council, the future status of the Committee of Permanent Representatives, and especially its formal relationship with the Commission on Human Settlements, lies within the prerogatives of the Commission and the Council. Consequently, the Commission would, first of all, have to decide whether it wishes to enter into a formal relationship with the Committee of Permanent Representatives and, if so, submit such a decision to the Council for consideration and approval. When that approval is given, the Committee of Permanent Representatives would come into existence as an inter-sessional subsidiary organ of the Commission, either on that date or on a date to be established by the Council.

4. Ideally, such a decision or resolution by the Commission could include the following suggested provisions:

   (a) A request to the Council for approval for the establishment, by the Commission, of the Committee of Permanent Representatives as an inter-sessional subsidiary organ of the Commission;

   (b) A decision to amend the Commission's rules of procedure so as to provide for a relationship between the Commission and the Committee during the inter-sessional period;

   (c) The terms of reference of the Committee of Permanent Representatives serving as a subsidiary organ of the Commission during the inter-sessional period;

   (d) The frequency of its meetings;

   (e) Its reporting procedures to the Commission;

   (f) Provision of the necessary financial resources for servicing the meetings of the Committee of Permanent Representatives and its working groups.

C. Financial implications of institutionalizing the Committee of Permanent Representatives

5. Under rule 23 of the Commission's rules of procedure, the Executive Director is required, prior to the adoption of any proposal involving the expenditure of United Nations funds, including the funds of the United Nations Habitat and Human Settlements Foundation, to provide to the Commission a statement of the financial implications of implementing such a proposal. Such financial implications would also have to be approved by the Fifth Committee of the General Assembly.

6. The actual financial implications of institutionalizing the Committee of Permanent Representatives as a subsidiary body of the Commission can only be prepared once the final text of the draft resolution to be adopted by the Commission has been made available to the secretariat. Accordingly, the actual financial implications will be submitted to the Commission as an in-session document. However, with a view to assisting member States in the consideration of this matter in advance of the session, the secretariat has prepared, as per the request of the Commission in its resolution 17/5, the attached estimated financial implications (see annex) which are based on the following five assumptions:

   (a) That the Committee of Permanent Representatives will meet four times a year in pursuance of Commission resolution 13/3, paragraph 1, which states:

   "Decides to request the Executive Director of the United Nations Centre for Human Settlements (Habitat) to meet at least four times a year with the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat) to review progress in the implementation of the programme of the Centre and Commission resolutions, as well as specific issues proposed by the Permanent Representatives or the Executive Director, and to report the recommendations of the Committee to the Commission".

2
(b) That its two present working groups - the Working Group on Budget, Finance and Administrative Matters and the Working Group on Policy and Programme Matters - will each meet at least once a month, as has been the practice during the past two years;

(c) That all the meetings will be held in one day;

(d) That the costs for interpretation will be absorbed by the regular budget of the United Nations Office at Nairobi;

(e) That for each meeting, UNCHS (Habitat) would be requested to prepare a maximum of four pre-session documents with a total maximum of 32 pages, and one post-session document, with a maximum of 10 pages. No in-session documents are foreseen as the meetings will be held in one day. Each document will be distributed in 150 copies.

7. The cost estimates are presented according to the following three options:

(a) Meetings to be held in English only;

(b) Meetings to be held in English and French only (working languages of the secretariat);

(c) Meetings to be held in all six official languages of the United Nations (Arabic, Chinese, English, French, Russian and Spanish).
Annex

Annual cost estimates for servicing the Committee of Permanent Representatives and its two working Groups (4 Committee of Permanent Representatives meetings, 24 working group meetings)

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It is assumed that interpretation will be provided by UNON interpreters at no cost to UNCHS (Habitat) out of existing regular budget allocations of UNON.
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ACTIVITIES OF THE UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (HABITAT): PROGRESS REPORT OF THE EXECUTIVE DIRECTOR

ROLE OF THE COMMITTEE OF PERMANENT REPRESENTATIVES TO THE UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (HABITAT)

Report of the Executive Director

Addendum

Corrigendum

Explanatory Note

1. Document HS/C/18/2/Add.2 entitled "Role of the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (UNCHS) (Habitat)", contains the report of the Executive Director which is being submitted to the Commission pursuant to operative paragraph 2 of Commission resolution 17/5. The report contains, inter alia, the financial implications of institutionalizing the Committee of Permanent Representatives as an inter-sessional subsidiary body of the Commission. The cost estimates had been presented in the following three options (a) if the meetings were to be held in English only (b) in English and French only, and (c) in all the six official languages of the United Nations.

2. After its review of the above-mentioned report at its meeting of 9 January 2001, the Working Group of the Committee of Permanent Representatives to UNCHS (Habitat) requested the Secretariat to also provide the Commission with the financial implications of the inclusion of Spanish as an official language of the proposed subsidiary body, since Spanish is a working language of the Economic and Social Council.

3. Accordingly, as a corrigendum to the annex of document HS/C/18/2/Add.2, the secretariat has prepared the attached annex in which the cost estimates are now presented in the following four, instead of the original three, options:

* HS/C/18/1.

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For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to meetings and not to request additional copies.
(a) If the meetings are to be held in English only;

(b) If the meetings are to be held in English and French only (working languages of the secretariat);

(c) If the meetings are to be in English, French, and Spanish (working languages of the Economic and Social Council); and

(d) If the meetings are to be held in all the six official languages of the United Nations (Arabic, Chinese, English, French, Russian, and Spanish).
Annex

Annual cost estimates for servicing the Committee of Permanent Representatives and its two working groups (4 CPR meetings, 24 working group meetings)

<table>
<thead>
<tr>
<th></th>
<th>Option 1 English only</th>
<th>Option 2 English, French</th>
<th>Option 3 English, French, Spanish</th>
<th>Option 4 Six UN languages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CPR Meetings (four meetings per year)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conference Service preparatory work</td>
<td>3,500</td>
<td>3,500</td>
<td>3,500</td>
<td>3,500</td>
</tr>
<tr>
<td>Pre-session documentation (32 pages per session)</td>
<td>6,144</td>
<td>27,776</td>
<td>49,664</td>
<td>115,328</td>
</tr>
<tr>
<td>Conference Services staff</td>
<td>6,552</td>
<td>6,552</td>
<td>6,552</td>
<td>6,552</td>
</tr>
<tr>
<td>Post-session documentation (10 pages per session)</td>
<td>1,920</td>
<td>8,680</td>
<td>15,520</td>
<td>36,040</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Total CPR meetings</strong></td>
<td><strong>21,116</strong></td>
<td><strong>49,508</strong></td>
<td><strong>78,236</strong></td>
<td><strong>164,420</strong></td>
</tr>
</tbody>
</table>

| 2. CPR Working Group Meetings (24 meetings per year) |                       |                          |                                   |                           |
| Conference Service preparatory work | 10,500                | 10,500                   | 10,500                            | 10,500                    |
| Pre-session documentation (32 pages per session) | 36,864                | 166,656                  | 297,984                           | 691,968                   |
| Conference Services staff | 39,312                | 39,312                   | 39,312                            | 39,312                    |
| Post-session documentation (10 pages per session) | 11,520                | 52,080                   | 93,120                            | 216,240                   |
| Miscellaneous | 18,000                | 18,000                   | 18,000                            | 18,000                    |
| **Total CPR working group meetings** | **116,196**           | **286,548**              | **458,916**                       | **976,020**               |
| **Grand total** | **137,312**           | **336,056**              | **537,152**                       | **1,140,444**             |

It is assumed that interpretation will be provided by UNON interpreters at no cost to UNCHS (Habitat) out of existing regular budget allocations of UNON.
18/1. **Establishment of the Committee of Permanent Representatives as an inter-sessional subsidiary body of the Commission on Human Settlements**

The Commission on Human Settlements,

Recalling its resolutions 12/8 of 3 May 1989, 13/3 of 8 May 1991, 15/9 of 1 May 1995 and 16/8 of 7 May 1997, and in particular its resolution 17/5 of 14 May 1999,

Also recalling the rules of procedure of the Economic and Social Council, especially rules 24 and 27, and the rules of procedure of the Commission on Human Settlements,

Taking note of the report of the Executive Director on the role of the Committee of Permanent Representatives to the United Nations Centre for Human Settlements (Habitat),

Recognizing and welcoming the role performed by the Committee of Permanent Representatives in accordance with the above resolutions,

Emphasizing the importance of efficient, transparent and representative governing structures of the Centre to enable it to fulfil its role and mandate as contained in General Assembly resolutions 32/162 of 19 December 1977 and 51/177 of 16 December 1996, and in particular in the implementation of the Istanbul Declaration and the Habitat Agenda,

Noting that the Division of Conference Services of the United Nations Office at Nairobi will provide at no cost to the Centre interpretation services for the proceedings of the Committee of Permanent Representatives, once it is officially established,

1. **Recommends** to the Economic and Social Council the establishment of the Committee of Permanent Representatives as an inter-sessional subsidiary body of the Commission on Human Settlements;

2. **Decides** that, upon approval by the Economic and Social Council, the Committee of Permanent Representatives shall constitute an inter-sessional governing body of the United Nations Centre for Human Settlements (Habitat) with the Centre functioning as the secretariat of the Committee, and shall have the following terms of reference:

   a) To review and monitor, within the policy and budgetary framework provided by the Commission, the implementation of the work programme of the Centre, as well as the implementation of decisions of the Commission;

   b) To review the draft work programme and budget of the Centre during their preparation by the Centre;

   c) To prepare draft decisions and resolutions for consideration by the Commission;

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1 HS/C/18/2/Add.2 and Add.2/Corr.2.


3 Ibid., annex II.
(d) To meet at least four times in a year with the participation of the Executive Director of the Centre;

3. Recommends to the Economic and Social Council that the subsidiary body shall consist of the representatives of all States Members of the United Nations and members of its specialized agencies which are accredited to the Centre;

4. Further recommends to the Economic and Social Council that the subsidiary body shall elect a bureau composed of a chair, three vice-chairs and a rapporteur for a period of two years taking into account the principles of rotation and equitable geographical representation;

5. Authorizes the Bureau of the Commission, upon approval by the Economic and Social Council, to establish the inter-sessional subsidiary body;

6. Invites the Economic and Social Council to decide on the operative languages of the Committee of Permanent Representatives according to the following:

(a) The Committee of Permanent Representatives uses the conference services at the United Nations Office at Nairobi for interpretation between the three working languages of the Economic and Social Council and up to the six official languages of the United Nations, considering that interpretation services will be provided by the United Nations Office at Nairobi at no cost to the Committee of Permanent Representatives;

(b) The Committee of Permanent Representatives, following the practice elsewhere in the United Nations system, conducts its business on the basis of conference room papers that are circulated in the language of submission;

(c) All submission of documents from the Committee of Permanent Representatives to the Commission on Human Settlements is regarded as official documentation for the Commission;

7. Resolves to review at its nineteenth session the question of the use of languages in the Committee of Permanent Representatives, on the basis of the outcome of the deliberations in the Economic and Social Council;

8. Requests the Chair of the Committee of Permanent Representatives to report to the Commission on the work of the Committee;

9. Recommends to the Economic and Social Council the adoption of the following decision:

"The Economic and Social Council,

"Recalling its rules of procedure, especially rules 24 and 27;

"Having considered the recommendation of the Commission on Human Settlements concerning the establishment of the Committee of Permanent Representatives as an inter-sessional subsidiary body of the Commission as contained in Commission resolution 18/1 of 16 February 2001;

"Recognizing the need for a properly mandated subsidiary body that can act during the inter-sessional period in terms of review and monitoring of the implementation of the decisions and resolutions adopted by the Commission;"
“1. Approves the establishment of the Committee of Permanent Representatives as an inter-sessional subsidiary body of the Commission on Human Settlements and endorses the terms of reference given to it by the Commission;

“2. Decides that the Committee of Permanent Representatives may set up working groups without prior decision of the Council or the Commission;

“3. Asks the Commission on Human Settlements to amend its rules of procedure in order to take into account the establishment of the Committee of Permanent Representatives as an inter-sessional subsidiary body of the Commission;

“4. Requests the Commission on Human Settlements and the Secretary-General to report to the Council on the implementation of the present decision.”

10. Requests the Executive Director to take action regarding the establishment of the Committee of Permanent Representatives as a subsidiary body of the Commission within the framework of expenditures that have existed for the informal operation of the Committee of Permanent Representatives and without prejudice to any new resources that may be made available;

11. Requests the Executive Director to report on the implementation of the present resolution to the Committee of Permanent Representatives and to the Commission at its nineteenth session.

8th meeting
16 February 2001
ECOSOC Resolution 2001/48

Establishment of the Committee of Permanent Representatives as an intersessional subsidiary body of the Commission on Human Settlements

The Economic and Social Council,

Recalling its rules of procedure, especially rules 24 and 27,

Having considered the recommendation of the Commission on Human Settlements concerning the establishment of the Committee of Permanent Representatives as an intersessional subsidiary body of the Commission as contained in Commission resolution 18/1 of 16 February 2001,¹

Recognizing the need for a properly mandated subsidiary body that can act during the intersessional period in terms of review and monitoring of the implementation of the decisions and resolutions adopted by the Commission,

1. Approves the establishment of the Committee of Permanent Representatives as an intersessional subsidiary body of the Commission on Human Settlements and endorses the terms of reference given to it by the Commission;

2. Decides that the Committee of Permanent Representatives may set up working groups without prior decision of the Economic and Social Council or the Commission;

3. Asks the Commission on Human Settlements to amend its rules of procedure in order to take into account the establishment of the Committee of Permanent Representatives as an intersessional subsidiary body of the Commission;

4. Requests the Commission on Human Settlements and the Secretary-General to report to the Council on the implementation of the present resolution.

45th meeting

24 October 2001

Resolution adopted by the General Assembly

[on the report of the Second Committee (A/56/565)]

56/205. Special session of the General Assembly for an overall review and appraisal of the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II)

The General Assembly,

Recalling the Habitat Agenda¹ and the Istanbul Declaration on Human Settlements² adopted in Istanbul in 1996,

Recalling also the report of the Ad Hoc Committee of the Whole of the twenty-fifth special session of the General Assembly, on an overall review and appraisal of the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II), held in New York from 6 to 8 June 2001,³

Stressing the importance of the Declaration on Cities and Other Human Settlements in the New Millennium,⁴ which was adopted by the General Assembly at its twenty-fifth special session,

Recognizing the need for renewed political will and for the mobilization and allocation of new and additional resources at the national and international levels in order to achieve full and accelerated implementation of the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium,

Reiterating that strengthened international cooperation is an essential element for the effective implementation of the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium,

² Ibid., annex I.
⁴ See resolution S-25/2, annex.
Recalling the goal contained in the United Nations Millennium Declaration\(^5\) of achieving a significant improvement in the lives of at least 100 million slum dwellers by the year 2020, as proposed in the “Cities without Slums” initiative,

1. Takes note of the report of the Secretary-General;\(^6\)

2. Reaffirms the importance of the full implementation of all the commitments undertaken in the Habitat Agenda;\(^1\)

3. Emphasizes the importance, at all levels of policy-making and in the context of sustainable development, of giving high priority to the implementation of the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium,\(^4\) including achieving the goals of adequate shelter for all and sustainable human settlements development in an urbanizing world, particularly in developing countries;

4. Recognizes that the overall thrust of the new strategic vision of the United Nations Human Settlements Programme (UN-Habitat)\(^7\) and its emphasis on the two global campaigns on secure tenure and urban governance are strategic points of entry for the effective implementation of the Habitat Agenda, especially for guiding international cooperation in respect of adequate shelter for all and sustainable human settlements development;

5. Recognizes also that Governments have the primary responsibility for the implementation of the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium, and stresses that the international community should fully implement its commitments to support Governments of developing countries and countries with economies in transition in their efforts, by providing the requisite means of implementation and through the creation of an international enabling environment;

6. Requests the relevant bodies of the United Nations system, including the specialized agencies, programmes, funds and regional commissions, as well as the World Bank and regional development banks, consistent with their respective mandates, to support fully the effective implementation at all levels of the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium;

7. Invites local authorities and other Habitat Agenda partners to contribute to the implementation of the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium, and encourages them to participate, as appropriate, in the Urban Forum and the Advisory Committee of Local Authorities, in their roles as advisory bodies to the Executive Director of the United Nations Human Settlements Programme (UN-Habitat), bearing in mind the decisions of the Commission on Human Settlements on the establishment of those two bodies;

8. Urges the Executive Director of the Programme to assess the role and funding of the regional programme activity centres of the Programme with a view to providing improved technical cooperation services to Governments to implement

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\(^5\) See resolution 55/2.

\(^6\) A/56/477.

\(^7\) Formerly known as the United Nations Centre for Human Settlements (Habitat) (see resolution 56/206 of 21 December 2001).
the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium at all levels;

9. **Invites** Governments and the Habitat Agenda partners, including local authorities, to facilitate the dissemination of the Declaration on Cities and Other Human Settlements in the New Millennium;

10. **Invites** the Executive Director of the Programme to transmit the outcomes of the relevant intergovernmental processes relating to sustainable human settlements development to the preparatory processes of the International Conference on Financing for Development and the World Summit on Sustainable Development, bearing in mind the relevant decisions of the preparatory processes of those two conferences;

11. **Decides** to include in the provisional agenda of its fifty-seventh session an item entitled “Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and of the twenty-fifth special session of the General Assembly”, and requests the Secretary-General to submit to the Assembly at its fifty-seventh session a report on the implementation of the present resolution.

*90th plenary meeting*

*21 December 2001*
Resolution adopted by the General Assembly

[on the report of the Second Committee (A/56/565)]

56/206. Strengthening the mandate and status of the Commission on Human Settlements and the status, role and functions of the United Nations Centre for Human Settlements (Habitat)

The General Assembly,

Recalling relevant resolutions on human settlements, in particular its resolutions 3327 (XXIX) of 16 December 1974, 32/162 of 19 December 1977 and 34/115 of 14 December 1979,

Recalling also the Habitat Agenda¹ and the Istanbul Declaration on Human Settlements,²

Aware of rapid urbanization trends in developing countries and related challenges in shelter provision, eradicating poverty and sustainable human settlements development,

Convinced of the need for urgent action to advance the quality of life of all people in cities and other human settlements,

Conscious of the need to achieve greater coherence and effectiveness in the implementation of the Habitat Agenda within the United Nations system,

Recognizing that urgent steps should be taken to ensure a better mobilization of financial resources at all levels, to enhance the implementation of the Habitat Agenda, particularly in developing countries, with a view to improving human settlements,

Recalling the commitments of Governments to, inter alia, promoting broad access to appropriate housing financing, increasing the supply of affordable housing and creating an enabling environment for sustainable development that will attract investment,
Recalling also its resolution 51/177 of 16 December 1996, in which it, inter
alía, designated the United Nations Centre for Human Settlements (Habitat) as a
focal point for the implementation of the Habitat Agenda and called for a
comprehensive and in-depth assessment of the Centre with a view to its
revitalization,

Recalling further its resolutions 52/220 of 22 December 1997, 53/242 of
28 July 1999 and 55/195 of 20 December 2000, in which it requested the Secretary-
General to consider further strengthening the Centre through the provision of
requisite support and stable, adequate and predictable financial resources, including
additional regular budget and human resources,

Recalling agreed conclusions 2000/1 of the Economic and Social Council
adopted at the coordination segment of the substantive session of 2000 of the
Council,3 and taking note of the conclusions of the Council at its substantive session
of 2001 regarding improving inter-agency coordination in the implementation of the
Habitat Agenda,

Bearing in mind the responsibilities of the Centre, as set out in paragraph 228
of the Habitat Agenda, and the establishment of the Habitat task manager system,

Recalling the Declaration on Cities and Other Human Settlements in the New
Millennium,4 in particular paragraph 67 thereof, in which the Secretary-General was
invited to report to the General Assembly at its fifty-sixth session on options for
reviewing and strengthening the mandate and status of the Commission on Human
Settlements and the status, role and functions of the United Nations Centre for
Human Settlements (Habitat), in accordance with the relevant decisions of the
General Assembly, the Economic and Social Council and the United Nations
Conference on Human Settlements (Habitat II),

Encouraged by the resumption by several Member States of voluntary
contributions to the United Nations Habitat and Human Settlements Foundation in
response to the work undertaken by the management of the Centre to revitalize the
Centre and give it a new impetus to advance the Habitat Agenda,

Taking note of the report of the Secretary-General on options for reviewing
and strengthening the mandate and status of the Commission on Human Settlements
and the status, role and functions of the United Nations Centre for Human
Settlements (Habitat),5 including their financial implications,

II

United Nations Human Settlements Programme

Decides to transform the Commission on Human Settlements and its
secretariat, the United Nations Centre for Human Settlements (Habitat), including
the United Nations Habitat and Human Settlements Foundation, with effect from
1 January 2002, into the United Nations Human Settlements Programme, to be
known as UN-Habitat, which will have the elements described below:

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chap. V, para. 6.
4 Resolution S-25/2, annex.
5 A/56/618.
A

Governing body

Status, composition, objectives, functions and responsibilities

1. *Decides* to transform, with effect from 1 January 2002, the Commission on Human Settlements into the Governing Council of the United Nations Human Settlements Programme, to be known as UN-Habitat, a subsidiary organ of the General Assembly;

2. *Also decides* that the Governing Council shall propose its rules of procedure on the basis of the rules of procedure of the Commission on Human Settlements, bearing in mind the provisions of the present resolution, for consideration by the General Assembly;  

3. *Further decides* that the practices regarding the participation of Habitat Agenda partners shall be according to the relevant rules of the Economic and Social Council with regard to participation and accreditation, that the established practices of the Commission on Human Settlements shall be utilized and that such practices shall in no way create a precedent for other governing bodies of the subsidiary organs of the General Assembly;

4. *Decides* that the Governing Council shall be composed of fifty-eight members, to be elected by the Economic and Social Council for four-year terms on the following basis):

(a) Sixteen seats for African States;
(b) Thirteen seats for Asian and Pacific States;
(c) Six seats for Eastern European States;
(d) Ten seats for Latin American and Caribbean States;
(e) Thirteen seats for Western European and other States;

5. *Confirms* that the Governing Council shall have the objectives, functions and responsibilities set out in resolution 32/162 and in paragraph 222 of the Habitat Agenda;

6. *Decides* that the Governing Council shall be the intergovernmental decision-making body for the Programme;

7. *Also decides* that the Governing Council shall meet biennially and report to the General Assembly through the Economic and Social Council;

8. *Further decides* that the Committee of Permanent Representatives to UN-Habitat shall serve as the Governing Council's intersessional subsidiary body;

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6 The first meeting of the Governing Council shall be conducted in accordance with the rules of procedure and practices of the Commission on Human Settlements.

7 Existing members of the Commission on Human Settlements shall continue as members of the Governing Council until the expiration of their original terms of office.
B

Secretariat of the Programme

1. **Decides** to transform, with effect from 1 January 2002, the United Nations Centre for Human Settlements (Habitat) into the secretariat of the United Nations Human Settlements Programme (UN-Habitat), and confirms that the secretariat of the Programme, under the direction of the Executive Director, shall be entrusted with the responsibilities set out in paragraph 228 of the Habitat Agenda and in resolution 32/162. The UN-Habitat secretariat shall service the Governing Council and serve as the focal point for human settlements and for the coordination of human settlements activities within the United Nations system;

2. **Also decides**, bearing in mind General Assembly resolution 54/249 of 23 December 1999, that the UN-Habitat secretariat shall be headed by an Executive Director at the level of Under-Secretary-General, to be elected by the General Assembly for a term of four years upon nomination by the Secretary-General after consultation with Member States;⁴

3. **Affirms** that the Urban Forum is a non-legislative technical forum in which experts can exchange views in the years when the Governing Council does not meet, and that the Advisory Committee of Local Authorities is an advisory body to the Executive Director;

4. **Decides** that the resources for managing the Programme shall comprise the posts and budgetary resources of the Centre, without prejudice to additional regular budget and extrabudgetary resources that may become available;

II

Financing human settlements

1. **Confirms** that the Executive Director of the United Nations Human Settlements Programme (UN-Habitat) shall be responsible for the management of the United Nations Habitat and Human Settlements Foundation, with due regard to the terms of reference of the Foundation as stipulated in General Assembly resolution 3327 (XXIX);

2. **Encourages** the Executive Director to strengthen the Foundation in order to achieve its primary operative objective, as set out in resolution 3327 (XXIX), of supporting the implementation of the Habitat Agenda, including supporting shelter, related infrastructure development programmes and housing finance institutions and mechanisms, particularly in developing countries;

3. **Invites** all Governments to increase their contributions to the Foundation to enhance the capacity of the Programme to support the implementation of the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium;⁴

4. **Encourages** the Executive Director of the Programme to continue her fund-raising appeals and initiatives for a substantial increase of Foundation resources;

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⁴ The current Executive Director of the United Nations Centre for Human Settlements (Habitat) shall continue as the Executive Director of the United Nations Human Settlements Programme (UN-Habitat) until the expiration of her original term of office.
5. **Calls** for the active participation and collaboration of organizations and bodies within and outside the United Nations system, including the World Bank and regional development banks, in the activities of the Programme and its Foundation, in particular with regard to the provision of seed capital and the financing of operational human settlements projects and programmes, as well as developing appropriate and innovative approaches for financing its projects and programmes;

6. **Requests** the Secretary-General to continue to support the Programme through the provision of adequate regular budget resources;

### III

**Policy coordination**

1. **Reaffirms** that the General Assembly and the Economic and Social Council, in accordance with relevant provisions of the Charter of the United Nations and relevant resolutions, including General Assembly resolutions 48/162 of 20 December 1993 and 50/227 of 24 May 1996, together with the Governing Council of the United Nations Human Settlements Programme (UN-Habitat), constitute the three-tiered intergovernmental mechanism to oversee the coordination of the implementation of the Habitat Agenda;

2. **Emphasizes** the role and importance of the implementation of the Habitat Agenda, in particular achieving the goals of adequate shelter for all and sustainable human settlements, in the activities and programmes of the United Nations system, in particular in the context of common country assessments and the United Nations Development Assistance Framework, as well as the poverty reduction strategy papers process led by the World Bank and the International Monetary Fund;

3. **Welcomes** the fact that the Programme, as the United Nations focal point for the implementation of the Habitat Agenda, will participate in the United Nations System Chief Executives Board for Coordination\(^9\) at all levels of its machinery;

4. **Decides** that the Programme should strengthen its collaboration with the Commission on Sustainable Development and other relevant bodies in the implementation of the Habitat Agenda as it relates to sustainable development;

5. **Requests** the Secretary-General to submit a report to the General Assembly at its fifty-seventh session on the implementation of the present resolution.

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\(^9\) Formerly known as the Administrative Committee on Coordination (see Economic and Social Council decision 2001/321 of 24 October 2001).
19/1. Rules of procedure of the Governing Council of the United Nations Human Settlements Programme

The Governing Council,

Recalling General Assembly resolution 32/162 of 19 December 1977, which established the Commission on Human Settlements and the United Nations Centre for Human Settlements (Habitat),

Recalling also General Assembly resolution 56/206 of 21 December 2001, whereby the General Assembly transformed the Commission on Human Settlements into the Governing Council of the United Nations Human Settlements Programme (UN-HABITAT), a subsidiary organ of the General Assembly, and decided that the Committee of Permanent Representatives to UN-HABITAT would serve as the intersessional subsidiary body of the Governing Council,

Recalling further paragraph 2 of part 1 A of General Assembly resolution 56/206, which requested the Governing Council to propose, for consideration by the General Assembly, the new rules of procedure of the Governing Council, on the basis of the rules of procedure of the Commission on Human Settlements and bearing in mind paragraphs 3, 7 and 8 of part 1 A of that same resolution,

Noting with appreciation the work of the Committee of Permanent Representatives to UN-HABITAT in the drafting of the new rules of procedure,

Recommends to the General Assembly the adoption of the draft rules of procedure of the Governing Council of UN-HABITAT annexed hereto.

8th meeting 9 May 2003

Annex

RULES OF PROCEDURE OF THE GOVERNING COUNCIL OF THE UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME (UN-HABITAT)

1. SESSIONS

Number of regular sessions

Rule 1

The Governing Council of the United Nations Human Settlements Programme (UN-HABITAT) shall normally hold one regular session every two years.

Date of opening and duration of regular sessions

Rule 2

The date of opening and duration of each session shall be decided by the Governing Council. Each regular session shall be held, subject to the provisions of rule 3, at a date fixed by the Governing Council at the
session immediately preceding the one in question, in such a way as to enable the Economic and Social Council and the General Assembly to consider the report of the Governing Council in the same year.

**Rule 3**

Five members of the Governing Council or the Executive Director may request an alteration of the date of a regular session. In either case, the Executive Director shall forthwith communicate the request to the other members of the Governing Council, together with appropriate observations, including financial implications, if any. If within twenty-one days of the inquiry a majority of the members of the Governing Council explicitly concurs in the request, the Executive Director shall convene the Governing Council accordingly.

**Place of regular sessions**

**Rule 4**

Regular sessions of the Governing Council shall be held at the headquarters of the United Nations Human Settlements Programme unless otherwise decided by the Governing Council at a previous session, and pursuant to General Assembly resolution 31/140 of 17 December 1976.

**Special sessions**

**Rule 5**

1. Special sessions shall be held pursuant to a decision taken by the Governing Council at a regular session, or at the request of:

   (a) A majority of the members of the Governing Council;

   (b) The General Assembly;

   (c) The Economic and Social Council.

2. Special sessions may also be requested by:

   (a) Five Member States of the United Nations or State Members of the specialized agencies\(^1\) whether or not they are members of the Governing Council;

   (b) The President of the Governing Council with the concurrence of the other members of the Bureau of the Governing Council and in consultation with the Executive Director;

   (c) In the two cases referred to in subparagraphs 2 (a) and 2 (b) above, the Executive Director shall immediately inform all members of the Governing Council of the request, as well as the approximate cost and

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\(^1\) When the term "Specialized Agencies" is used in these rules, it refers to Specialized Agencies brought into relationship with the United Nations; it also includes the International Atomic Energy Agency, the World Trade Organization, the World Tourism Organization, the Organization for the Prohibition of Chemical Weapons and the Preparatory Commission for the Comprehensive Nuclear - Test-Ban Treaty Organization.
relevant administrative considerations, and shall inquire whether they concur in it. If within twenty-one days of
the inquiry a majority of the members of the Governing Council explicitly concurs in the request, the Executive
Director shall convene a special session of the Governing Council.

Date of opening of special sessions

Rule 6

Special sessions of the Governing Council shall normally be convened within forty-two days of the
receipt by the Executive Director of a request for such a session, at a date and place fixed by the President of
the Governing Council in consultation with the Executive Director, taking into account such observations as
may have been made in the request for a special session.

Notification of sessions

Rule 7

1. The Executive Director shall send notification of the date and place of each session and the provisional
agenda of the Governing Council to:

   (a) All members of the Governing Council;

   (b) All other Member States of the United Nations or State Members of specialized agencies;

   (c) The specialized agencies and appropriate United Nations bodies;

   (d) The entities, intergovernmental organizations and other entities referred to in rule 63;

   (e) The organizations referred to in rules 64, 65 and 66.

2. Copies of such notification shall be addressed to the President of the General Assembly and to the
President of the Economic and Social Council and to the organizations and institutions referred to in rule 66.

3. The notification referred to in this rule shall, in the case of a regular session, be sent in the working
languages of the Governing Council as stipulated in rule 29 not less than sixty days prior to the opening of the
session and, in the case of a special session, not less than fourteen days prior to its opening.

Adjournment of session

Rule 8

The Governing Council may decide at any session to adjourn temporarily and resume its meeting at a
later date.
II. AGENDA

Drawing up of the provisional agenda

Rule 9

1. The Executive Director in consultation with the Bureau of the Governing Council shall draw up and place before each regular session of the Governing Council a provisional agenda for its next regular session.

2. The provisional agenda shall include all items proposed by:

   (a) The Governing Council;
   
   (b) The General Assembly;
   
   (c) The Economic and Social Council;
   
   (d) A Member State of the United Nations or a State Member of a specialized agency; or
   
   (e) The Executive Director.

3. In drawing up the provisional agenda, the Executive Director may consult with other appropriate United Nations bodies, the specialized agencies and any intergovernmental organization entitled to notification under rule 7; suggestions from the organizations referred to in rules 64, 65 and 66 may also be considered.

4. The provisional agenda of a special session shall consist only of those items proposed for consideration in the request for the holding of the session.

Communication of the provisional agenda

Rule 10

The notification referred to in rule 7 shall include a copy of the provisional agenda of the session to which such notification relates.

Supplementary items

Rule 11

1. After the Governing Council has adopted the provisional agenda of a future session of the Governing Council, any authority entitled under paragraph 2 of rule 9 above to propose an item for the provisional agenda may propose supplementary items for inclusion in such agenda. Such proposal, unless made by the General
Assembly, shall be accompanied by a supporting statement from the party proposing it, explaining the urgency of the consideration of the item.

2. The Executive Director shall promptly circulate to all members of the Governing Council all requests received under the provision of this rule, with the accompanying supporting statements where applicable, together with any comments or observations which the Executive Director may wish to make on such matters.

Adoption of the agenda

Rule 12

1. The Governing Council shall at the beginning of each session adopt the agenda for that session on the basis of the provisional agenda and the supplementary items referred to in rule 11.

2. Any authority listed in paragraph 2 of rule 9 which has proposed a supplementary item for inclusion in the agenda shall be entitled to be heard by the Governing Council on the inclusion of the item in the agenda for the session.

3. Unless the Governing Council decides otherwise, an item shall normally be included in the agenda at the time of adoption only if the documentation related to that item has been circulated to members in all the working languages of the Governing Council not less than forty two days in advance of the opening date of the session.

4. The Governing Council may allocate items among the plenary meetings of the Governing Council and subsidiary organs, set up in accordance with rule 22, and may refer items without preliminary debate in the Governing Council to:

   (a) One or more of its subsidiary organs, if any, set up in accordance with rule 22, for examination and report at a subsequent session of the Governing Council;

   (b) The Executive Director, for study and report at a subsequent session of the Governing Council; or

   (c) The proposer of the item, for further information or documentation.

Provisional agenda for a special session

Rule 13

The provisional agenda for a special session shall consist only of those items proposed for consideration in the request for the holding of the session. It shall be transmitted to the authorities mentioned in rule 7 at the same time as the notice convening the Governing Council.
Revision of the agenda

Rule 14

The Governing Council may, during a regular session, revise its agenda for that session by adding, deleting, deferring or amending items. Only items, which the Governing Council considers to be important and urgent, may be added to the agenda during a session.

III. REPRESENTATION AND CREDENTIALS

Representation

Rule 15

Each member of the Governing Council shall be represented by an accredited representative, who may be accompanied by such alternate representatives and advisers as may be required by the member.

Credentials

Rule 16

1. The credentials of representatives and the names of alternate representatives and advisers shall be submitted to the Executive Director, at the latest, before the end of the first meeting of the session of the Governing Council.

2. The credentials submitted under this rule shall be examined by the Bureau of the Governing Council, which shall report without delay to the Governing Council.

IV. BUREAU OF THE GOVERNING COUNCIL

Election

Rule 17

1. At the commencement of the first meeting of its regular session, the Governing Council shall elect a President, three Vice-Presidents and a Rapporteur from among the representatives of its members. These officers shall constitute the Bureau of the Governing Council.

2. The offices of President and Rapporteur of the Governing Council shall be rotated among the following regional groups of States: African States, Asian States, Eastern European States, Latin American and Caribbean States, and Western European and other States. The Vice-Presidents of the Governing Council shall be elected on the basis of one from each of the regional groups other than the ones to which the President and the Rapporteur belong.
Functions

Rule 18


2. The Governing Council, upon the recommendation of the President, shall designate from among the Vice-Presidents a Chairperson for any subsidiary organ, subcommittee or working group established under rule 22.

Terms of office

Rule 19

1. The President, Vice-Presidents and Rapporteur shall hold office until their successors are elected. They shall, subject to the provisions of rule 17 be eligible for re-election. None of them may hold office after the expiration of the term of office of the member of which he or she is a representative.

2. If the President ceases to be a representative of a member of the Governing Council or is unable to perform his or her functions, or if the Member State of which he or she is a representative ceases to be a member of the Governing Council, the Bureau shall designate one of the Vice-Presidents as Acting President until a new President is elected by the Governing Council.

Acting President

Rule 20

1. If the President cannot preside over a meeting, or any part thereof, he or she shall designate one of the Vice-Presidents to act in his or her stead.

2. A Vice-President acting as President shall have the same powers and duties as the President.

Voting rights of the President

Rule 21

The President or a Vice-President acting as President may delegate his or her right to vote to another member of his or her delegation.
V. SUBSIDIARY ORGANS

Establishment

Rule 22

1. The Governing Council may, during a session set up such subsidiary organs, subcommittees or working groups composed of members of the Governing Council as it may deem necessary and refer to them any item on the agenda or any other question for consideration and report.

2. The Committee of Permanent Representatives to UN-HABITAT shall serve as the Governing Council's permanent intersessional subsidiary organs. Membership of the Committee shall be open to all Permanent Representatives of Member States of the United Nations and State Members of the specialized agencies, which are accredited to UN-HABITAT.

3. Subsidiary organs under this rule may set up such sub-committees or working groups, as they may deem necessary for the efficient conduct of their work.

Officers

Rule 23

1. Subject to the provisions of paragraphs 2 of rule 18 above, subsidiary organs of the Governing Council shall elect their own officers.

2. A subsidiary organ established under rule 22 may, in addition to its Chairperson designated pursuant to paragraph 2 of rule 18, elect two Vice-Chairpersons and a Rapporteur.

3. The Committee of Permanent Representatives to UN-HABITAT shall elect a Chairperson, three Vice-Chairpersons and a Rapporteur who shall constitute the Bureau of the Committee.

4. All other subsidiary organs shall have a Chairperson and, if the subsidiary organ deems it necessary, a Rapporteur.

Applicable rules of procedure

Rule 24

1. The rules of procedure of the Governing Council shall apply, mutatis mutandis, to all subsidiary organs, both sessional and intersessional.

2. The business of temporary intersessional subsidiary organs shall be conducted in the English language only. Records of meetings held by these organs shall also be kept in the English language only.
VI. THE EXECUTIVE DIRECTOR

Duties of the Executive Director

Rule 25

1. The Executive Director shall act in that capacity at all meetings of the Governing Council and of its subsidiary organs, if any, and may for this purpose designate a member of the secretariat to act as his or her representative.

2. The Executive Director shall be responsible for performing those functions in relation to the Governing Council, which he or she is required to undertake by General Assembly resolutions 32/162 and 56/206.

3. The Executive Director shall be responsible for providing and directing the staff required by the Governing Council or any subsidiary organ and for making all necessary arrangements for the Governing Council’s meetings, including the preparation and distribution of documents in the working languages of the Governing Council at least six weeks in advance of the session of the Governing Council and its subsidiary organs.

4. The Executive Director shall, during the intersessional period, keep the members of the Governing Council informed of any matters that may be brought before the Governing Council for consideration.

Duties of the secretariat

Rule 26

The secretariat shall ensure that statements made at meetings are interpreted; shall receive, translate and circulate the documents of the Governing Council and its subsidiary organs; shall publish and circulate the resolutions, reports and relevant documentation of the Governing Council in all working languages. It shall have the custody of the documents in the archives of the Governing Council and generally perform all other work, which the Governing Council may require.

Statements by the secretariat

Rule 27

The Executive Director, or a member of the secretariat designated by him or her, may at any time, upon the invitation of the President, make either oral or provide written statements to the Governing Council concerning any matter under consideration by it.

Statement of financial implication

Rule 28

1. Before any proposal involving the expenditure of United Nations funds, including funds of the United Nations Habitat and Human Settlements Foundation, is approved by the Governing Council, or by any of its subsidiary organs, the Executive Director shall prepare and provide to the Governing
Council or the subsidiary organ concerned, a statement of the financial implications of implementing the proposal.

2. The Governing Council shall take into account the estimates referred to in paragraph 1 above before adopting any proposal involving expenditure from the United Nations funds including the resources of the Foundation. If the proposal is adopted, the Governing Council shall indicate, whenever appropriate, the priority or degree of urgency which it attaches to the projects and, as the case may be, which current projects may be deferred, modified, or eliminated to ensure that the work of UN-HABITAT will be carried out in the most effective manner.

3. The Executive Director shall submit to the Governing Council at each regular session, the estimates of expenditure of UN-HABITAT for the following biennium, borne by the regular budget of the United Nations. He or she shall also submit to the Governing Council estimates of expenditure borne by the Foundation for the same biennium, in accordance with the general procedures governing the operations of the Foundation and the relevant United Nations Financial Regulations 5.10 and 9.4 and relevant financial rules as contained in ST/SGB/UNHHRF Financial Rules/3.

VII. LANGUAGES AND RECORDS

Official and working languages

Rule 29

1. Arabic, Chinese, English, French, Russian and Spanish shall be the official and working languages of the Governing Council. Speeches made in any of these languages shall be interpreted into the other languages of the Governing Council.

2. Any representative of a member of the Governing Council may make a statement in any other language provided he or she arranges for interpretation of the statement into one of the official and working languages of the Governing Council. Interpretation into the other official languages by the interpreters of the secretariat may be based on the interpretation given in the first official language.

Languages of resolutions and other formal decisions

Rule 30

All resolutions, recommendations, other formal decisions and reports of the Governing Council shall be made available in the official languages of the Governing Council.

Circulation of formal decisions and reports

Rule 31

As soon as reasonably practicable, the resolutions, recommendations and other formal decisions of the Governing Council shall be communicated by the secretariat to all members of the Governing Council and to any other participants in the session. The printed text of such resolutions, recommendations and other formal decisions, as well as the report of the Governing Council to the General Assembly, through the Economic and Social Council, shall be distributed in all the working languages of the Governing Council after the close of the
session to all Member States of the United Nations, State Members of the specialized agencies and entities, intergovernmental organizations and other entities referred to in rule 63.

Sound recording of meeting.

Rule 32

Sound recordings of meetings of the Governing Council shall be made and kept by the secretariat in accordance with the applicable rules and practice of the United Nations. Such recordings may also be made of the proceedings of any subsidiary organ if the Governing Council so decides.

VIII. PUBLIC OR PRIVATE MEETINGS

General principle

Rule 33

Meetings of the Governing Council, its sessional committees and other subsidiary organs, shall be held in public unless the body concerned decides otherwise.

IX. CONDUCT OF BUSINESS

Quorum

Rule 34

The President may declare a meeting of the Governing Council open and permit the debate to proceed when representatives of at least one third of the members are present. The presence of representatives of a majority of the members of the Governing Council shall, however, be required for any decision to be taken.

General powers of the President

Rule 35

1. In addition to exercising the powers conferred upon him or her elsewhere by these rules, the President shall declare the opening and closing of each meeting of the Governing Council, direct the discussions, ensure observance of these rules, accord the right to speak, put questions to the vote and announce decisions. The President, subject to these rules, shall have complete control of the proceedings of the Governing Council and over the maintenance of order at its meetings. He or she shall rule on points of order. He or she may propose to the Governing Council the closure of the list of speakers, a limitation on the time to be allowed to speakers and on the number of times the representative of each member may speak on an item, the adjournment or closure of the debate, and the suspension or adjournment of a meeting.

2. The President in the exercise of his or her functions remains under the authority of the Governing Council.
Speeches

Rule 36

1. The Governing Council shall only be addressed after the President has granted permission.

2. Debate shall be confined to the question before the Governing Council and the President may call a speaker to order if his or her remarks are not relevant to that question.

3. Subject to rules 38 and 40, the President shall call upon speakers in the order in which they signify their desire to speak.

4. At the request of the delegations concerned, the order of speakers may be altered.

Time-limit on speeches

Rule 37

With the approval of the Governing Council, the President may limit the time allowed to each speaker and the number of times each delegation may speak on any question, provided that an intervention on a procedural question shall be limited to five minutes. When a speaker has exceeded his allotted time, the President shall promptly call him or her to order.

Points of order

Rule 38

1. During the discussion of any matter, a representative of a member of the Governing Council may at any time raise a point of order, which shall be decided immediately by the President in accordance with these rules. A representative may appeal against the ruling of the President. The appeal shall be immediately put to the vote, and the ruling of the President shall stand unless overruled by a majority of the members present and voting.

2. A representative may not, in raising a point of order, speak on the substance of the matter under discussion.

Closing of list of speakers

Rule 39

In the course of a debate, the President may announce the list of speakers and, with the consent of the Governing Council, declare the list closed. When there are no more speakers, the President shall, with the consent of the Governing Council, declare the debate closed.
Right of reply

Rule 40

The right of reply shall be accorded by the President to any member of the Governing Council which requests it. Representatives should attempt, in exercising this right, to be as brief as possible and preferably to deliver their statements at the end of the meeting at which this right is requested.

Motions to suspend or adjourn meeting

Rule 41

A representative of a member of the Governing Council may at any time during the discussion of any matter move that the meeting be suspended or adjourned. The Governing Council shall, without discussion, immediately decide on such motion.

Motions to adjourn debate

Rule 42

A representative of a member of the Governing Council may at any time move that the debate on the item under discussion be adjourned. Permission to speak on the motion shall be granted only to two other representatives in favour of the motion and to two opposing it, after which the Governing Council shall immediately decide on the motion.

Motions to close debate

Rule 43

A representative of a member of the Governing Council may at any time move that the debate on the item under discussion be closed, whether or not any other representative has signified his or her wish to speak. Permission to speak on the motion shall be accorded only to two representatives opposing the closure, after which the Governing Council shall immediately decide on the motion.

Order of motions

Rule 44

Subject to the right to raise a point of order under rule 38, the following motions shall have precedence in the order indicated over all other proposals and motions before the meeting:

(a) To suspend the meeting;

(b) To adjourn the meeting;

(c) To adjourn the debate on the item under discussion;

(d) To close the debate on the item under discussion.
Submission of proposals and substantive amendments

Rule 45

1. Proposals and substantive amendments shall normally be submitted in writing to the Executive Director, who shall circulate copies thereof to the members of the Governing Council.

2. In principle, no such proposal or amendment shall be discussed or voted upon at any meeting of the Governing Council unless copies of it have been made available to all members of the Governing Council not later than the day preceding that in which the meeting is to be held. The Governing Council may, however, decide to waive this requirement in a particular case or cases.

Withdrawal of proposals and motions

Rule 46

1. A proposal or motion may be withdrawn by its sponsor at any time before voting on it has commenced or a decision on it has been taken or an amendment to it has been adopted.

2. A proposal or a motion thus withdrawn may be re-introduced by another member.

Decisions on competence

Rule 47

Any motion raising the issue of the competence of the Governing Council to adopt a proposal or any amendment before it shall be decided upon first before any decision is made on the proposal or amendment in question.

Reconsideration of proposals

Rule 48

When a proposal has been adopted or rejected, it may not be reconsidered at the same session unless the Governing Council so decides. Permission to speak on a motion to reconsider shall be accorded only to two representatives opposing the motion, after which it shall be put to the vote immediately.

X. DECISION-MAKING PROCESS

General principles

Rule 49

Subject to the provisions of rule 38 the Governing Council may decide any question without a vote and shall normally make decisions by consensus. A vote shall, however, be taken if a representative of a member of the Governing Council so requests.
Voting rights

Rule 50

Each member of the Governing Council shall have one vote.

Majority required

Rule 51

1. Decisions of the Governing Council taken by vote shall be made by a majority of the members present and voting. If a vote is equally divided on a matter other than an election, the proposal or amendment shall be considered rejected.

2. For the purposes of these rules, the phrase “members present and voting” refers only to members casting affirmative or negative votes and does not include members abstaining from voting.

Method of voting

Rule 52

1. Except as provided in paragraph 2 of this rule and rule 58, the Governing Council shall normally vote by show of hands; any member of the Governing Council, may, however, request a roll call, which shall then be taken in the English alphabetical order of the names of members of the Governing Council, beginning with the member whose name is drawn by the President. The vote of each member participating in a roll call shall be inserted in the appropriate record of the Governing Council.

2. When the Governing Council votes by mechanical means, a non-recorded vote shall replace a vote by show of hands and a recorded vote shall replace a roll call. A member of the Governing Council may request a recorded vote, which shall, unless a member of the Governing Council requests otherwise, be taken without calling out the names of the members participating in the Governing Council.

Conduct during voting

Rule 53

Once the President has signalled the commencement of voting, no representative may interrupt the voting except on a point of order related to the actual process of voting.

Explanation of vote

Rule 54

The President may permit a member of the Governing Council to make a brief statement in explanation of his or her vote either before or after the voting on the proposal or motion being voted upon.
Division of proposals or amendments

Rule 55

A representative of a member of the Governing Council may move that part of a proposal or of an amendment should be voted on separately. If objection is made to the request for division, the motion for division shall be voted upon. Permission to speak on the motion for division shall be given only to two speakers in favour and two speakers against. If the motion for division is carried, those parts of the proposal or of the amendment which are approved shall then be put to the vote as a whole. If all operative parts of the proposal or of the amendment have been rejected, the proposal or the amendment shall be considered to have been rejected as a whole.

Decisions on amendments

Rule 56

1. An amendment is a proposal that does no more than add to, delete from or revise part of another proposal.

2. When an amendment is moved to a proposal, the amendment shall be voted on first. When two or more amendments are moved to a proposal, the amendment furthest removed in substance from the original proposal shall be voted on first and then the amendment next furthest removed therefrom, and so on until all the amendments have been put to the vote. Where, however, the adoption of one amendment necessarily implies the rejection of another amendment, the latter shall not be put to the vote. If one or more amendments are adopted, the amended proposal shall then be put to the vote.

Order of decisions on proposals

Rule 57

1. If two or more proposals, other than amendments, relate to the same question, they shall be decided on in the order in which they were submitted, unless the Governing Council decides otherwise. The Governing Council may, after a decision on one proposal, decide whether or not to go on to consider the next proposal.

2. A motion requiring that no decision be taken on the substance of a proposal shall be decided on first before that proposal.

Elections

Rule 58

All elections shall be held by secret ballot unless there is an agreed candidate or slate of candidates and the Governing Council decides to proceed without taking a ballot.
Rule 59

1. When two or more elective places are to be filled at one time under the same conditions, those candidates, in a number not exceeding the number of such places, obtaining in the first ballot the majority required and the largest number of votes shall be elected.

2. If the number of candidates obtaining such a majority is less than the number of places to be filled, additional ballots shall be held to fill the remaining places, provided that if only one place remains to be filled the procedures in rule 60 shall be applied. The ballot shall be restricted to the unsuccessful candidates having obtained the largest number of votes in the previous ballot, but not exceeding twice the number of places remaining to be filled. However, in the case of a tie between a greater number of unsuccessful candidates, a special ballot shall be held for the purpose of reducing the number of candidates to the required number: if a tie again results among more than the required number of candidates, the President shall reduce their number to that required by drawing lots.

3. When a restricted ballot (not counting a special ballot held under the conditions specified in the last sentence of paragraph 2 above) is inconclusive, the President shall decide among the remaining candidates by drawing lots.

Rule 60

1. If, when only one elective place is to be filled, no candidate obtains in the first ballot the majority required, a second ballot shall be taken, confined to the two candidates having obtained the largest number of votes. If in the second ballot the votes are equally divided, the President shall decide between the candidates by drawing lots.

2. In the case of a tie in the first ballot among the candidates obtaining the second largest number of votes, a special ballot shall be held among such candidates for the purpose of reducing their number to two; similarly, in the case of a tie among three or more candidates obtaining the largest number of votes, a special ballot shall be held. If a tie again results in the special ballot, the President shall eliminate one candidate by drawing lots, and thereafter another ballot shall be taken among all the remaining candidates. The procedure prescribed by these rules shall, if necessary, be repeated until one candidate is duly elected.

XI. PARTICIPATION OF NON-MEMBERS OF THE GOVERNING COUNCIL

States not members of the Governing Council

Rule 61

1. A State, which is a Member of the United Nations or a member of a specialized agency, but not a member of the Governing Council, may participate in the deliberations of the Governing Council in the capacity of observer, in all meetings referred to in rule 33.

2. An observer State shall not have the right to vote or make a procedural motion, but may submit proposals, which may be put to a decision at the request of a member of the Governing Council.
Other United Nations bodies and the specialized agencies

Rule 62

1. Representatives of other United Nations bodies and of the specialized agencies may participate, without the right to vote or make proposals, in the deliberations of the Governing Council on matters within the scope of their activities.

2. Such United Nations bodies and specialized agencies may circulate written statements relating to the items on the agenda of interest to them to members of the Governing Council.

Entities, intergovernmental organizations and other entities

Rule 63

Representatives of the entities, intergovernmental organizations and other entities accorded permanent observer status by the General Assembly and of other intergovernmental organizations designated on a continuing basis by the General Assembly or the Economic and Social Council or invited by the Governing Council may participate, without the right to vote or to make proposals, in the deliberations of the Governing Council on matters within the scope of the activities of such organizations.

Local authorities

Rule 64

Duly accredited representatives of local authorities, invited by the Executive Director, in consultation with their respective governments, where requested, or representing national or international associations or organizations recognized by the United Nations, may participate, as observers at public meetings, in the deliberations of the Governing Council and its subsidiary organs.

Other Habitat Agenda partners

Rule 65

1. Duly accredited representatives of other Habitat Agenda partners may sit as observers at public meetings of the Governing Council and its subsidiary organs.

2. Upon the invitation of the presiding officer of the body concerned and subject to the approval of that body, such observers may make oral statements on questions in which they have special competence.

Non-governmental organizations

Rule 66

Non-governmental organizations in consultative status with the Economic and Social Council may designate authorized representatives to sit as observers at public meetings of the Governing Council and its subsidiary organs. A non-governmental organization attending a meeting of the Governing Council
may, upon the invitation of the President and with the approval of the Governing Council, make oral statements on matters within the scope of its activities.

Written statements

Rule 67

Written statements submitted by the designated representatives referred to in rules 61 to 66 shall be distributed by the secretariat to all delegations in the quantities and in the language in which the statements are made available to it, provided that statements submitted by the designated representatives referred to in rules 64 to 66 are related to the work of the Governing Council and are on a subject in which they have a special competence.

XII. SUSPENSION, AMENDMENT AND SUPPLEMENTATION OF THE RULES OF PROCEDURE

Suspension of rules

Rule 68

A rule of procedure may be temporarily suspended by the Governing Council provided that twenty-four hours' notice of the proposal for suspension has been given to members. The requirement of notice may be waived if no member of the Governing Council rejects.

Amendment of rules

Rule 69

The Governing Council may, by a decision adopted by a majority of members of the Governing Council present and voting, amend any of these rules but only after it has received a report on the proposed amendment from a working group established by the Governing Council for that purpose.


The Governing Council,

Recalling the Istanbul Declaration on Human Settlements, the Habitat Agenda and General Assembly resolution 51/177 of 16 December 1996, whereby the United Nations Human Settlements Programme (UN-HABITAT) was designated as a focal point, within the United Nations system, for the implementation of the Habitat Agenda, and also the Declaration on Cities and Other Human Settlements in the New Millennium, which identified gaps in and obstacles to the implementation of the Habitat Agenda and proposed actions for overcoming them,
11. Decides that a continuing focus of the twentieth and future sessions of the Governing Council should be the implementation and monitoring of the goal of the United Nations Millennium Declaration on improving the lives of slum dwellers;

12. Requests the Executive Director to report on progress made in the implementation of the present resolution to its next session.

8th meeting
9 May 2003

19/6. Water and sanitation in cities

The Governing Council,

Recalling the commitments made by Governments in the United Nations Millennium Declaration and at the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002, to reduce by half, by the year 2015, the proportion of people unable to reach or to afford safe drinking water and the proportion of people without access to basic sanitation,

Recalling also General Assembly resolution 57/275 of 20 December 2002 requesting the United Nations Human Settlements Programme (UN-HABITAT) to support developing countries in implementing those targets in order to increase access to clean water, sanitation and adequate shelter, and to further support the implementation of the Water for African Cities Programme, as requested by the New Partnership for Africa’s Development,

Noting with appreciation the partnership established by UN-HABITAT with the United Nations Foundation, the World Bank and several bilateral donors for the implementation of the Water for African Cities Programme,

Noting with appreciation also the partnership with the Asian Development Bank and bilateral donors for the Water for Asian Cities Programme and the efforts by the Executive Director to mobilize further support,

Welcoming also the memorandum of understanding concluded between UN-HABITAT and the Inter-American Development Bank to collaborate in supporting countries of Latin America and the Caribbean in improving urban water and sanitation services,

Welcoming the establishment by the Executive Director of UN-HABITAT of a Water and Sanitation Trust Fund as a financing mechanism to support the creation of enabling environments for pro-poor investment in water and sanitation in developing-country cities,

Recognizing the need to expand the water and sanitation activities of UN-HABITAT in countries with economies in transition,

Welcoming the initiative of UN-HABITAT in producing a comprehensive overview of the state of water and sanitation in the world’s cities, published on the occasion of the third World Water Forum,
Welcoming also the new momentum generated by the World Summit in the implementation of Water and Sanitation Programmes and a number of emerging initiatives such as the European Water Initiative, the Canada Fund for Africa, the Community Water and Sanitation Facility of the Cities Alliance Programme, and encouraging them to engage in close cooperation to ensure their complementarity,

Noting the upgrading of the former Infrastructure Section into a Water, Sanitation and Infrastructure Branch in order to enhance the capacity of UN-HABITAT in that area,

Aware that safe water and basic sanitation are central to achieving sustainable urbanization and reducing urban poverty,

Aware also of the need for capacity-building, education, access to information and gender mainstreaming for enhanced effectiveness in water and sanitation management,

Conscious of the need to create an environment conducive to increasing pro-poor investment in water and sanitation as an important element in achieving the international development targets contained in the United Nations Millennium Declaration and the Plan of Implementation of the World Summit on Sustainable Development,

1. Requests the Executive Director to further strengthen and promote the work of UN-HABITAT in the field of urban drinking water and sanitation and to enhance cooperation with other United Nations and international agencies, and other relevant UN-HABITAT partnerships such as the Cities Alliance;

2. Supports the continued implementation of the Water for African Cities Programme, in line with the recommendations of the evaluation report of that programme;

3. Requests the Executive Director to elaborate a programme for water and sanitation in human settlements in interested countries with economies in transition, in line with those in other regions, subject to the availability of resources, including those of the Water and Sanitation Trust Fund;

4. Also requests the Executive Director to consult with Governments in other regions on the possibility of establishing or strengthening water and sanitation programmes in cities;

5. Invites Governments and international financial institutions to increase their support to the water and sanitation activities of UN-HABITAT, including contributions to the Water and Sanitation Trust Fund, the Water for African Cities Programme and the Water for Asian Cities Programme;

6. Requests the Executive Director to maintain the leading role of UN-HABITAT on urban water and sanitation in the Millennium Task Force on Water and Sanitation;

7. Also requests the Executive Director to make Water and Sanitation in the World’s Cities a recurrent publication to be published every three years on the occasion of the World Water Forum, subject to the availability of funds;
19/17. **Least developed countries**

The Governing Council,

**Welcoming** the endorsement of the Brussels Declaration\textsuperscript{30} and the adoption of the Programme of Action for the Least Developed Countries for the Decade 2001 – 2010\textsuperscript{31} by the United Nations General Assembly in its resolution 55/279 of 12 July 2001,

**Noting** the rapid rate of urbanization in developing countries, which include 49 least developed countries, and the fact that the process is accompanied by the growth of slums, poverty, rising insecurity, risk, vulnerability and frequent disasters,

**Appreciating** the good work the United Nations Human Settlements Programme (UN-HABITAT) has done through post-war, post-conflict and post-disaster reconstruction in affected least developed countries such as Afghanistan, Eritrea, Haiti and Liberia,

**Observing** with concern that the least developed countries continue to face daunting challenges in the management of human settlements and alleviation of urban poverty,

1. **Requests** UN-HABITAT to continue to give special attention to least developed countries in its programme activities;

2. **Emphasizes** the importance of the effective implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010;

3. **Invites** the Executive Director to mainstream the implementation of the Programme of Action in UN-HABITAT activities as well as in its intergovernmental processes, as called for in United Nations General Assembly resolution 56/227 of 24 December 2001 and resolution 57/276 of 20 December 2002;

4. **Calls** on the Executive Director of UN-HABITAT to cooperate fully with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States to ensure the effective implementation of the Brussels Declaration and the Programme of Action for the Least Developed Countries for the Decade 2001-2010.

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19/18. **Human settlements development in the occupied Palestinian territories**

The Governing Council,

**Recalling** its several resolutions regarding the global development of human settlements, particularly the consolidation of the efforts of the international community and its organizations to provide adequate shelter for all and sustainable human settlements development in an urbanizing world as elaborated in the Habitat Agenda,\textsuperscript{2} and recalling relevant resolutions of the United Nations Commission on Human Settlements,
Recognizing the need for continued cooperation among member states within the spirit of the Declaration on Cities and other Human Settlements in the New Millennium to achieve practical programmes that enhance sustainable shelter development goals,

Conscious of the special housing and human settlements needs of the Palestinian people and recognizing that they fall within the technical mandate of the United Nations Human Settlements Programme (UN-HABITAT),

Recognizing that shelter and human settlements are key elements in reaching a peaceful and sustainable peace in the Middle East,

Expressing the hope that the Israelis and the Palestinians will renew efforts to jointly develop a human settlements programme for the Palestinian people,

Noting with appreciation the report of the Executive Director on the housing situation and needs assessment in the occupied Palestinian Territories,

1. Endorses the establishment of the Special Human Settlements Programme for the Palestinian people and the Technical Cooperation Trust Fund of $5 million for an initial period of two years, as proposed by the Executive Director in her report;

2. Urges the international donor community and all financial institutions to support UN-HABITAT in the immediate mobilization of financial resources towards the establishment and operation of the programme and the fund;

3. Requests the Executive Director to report to it at its twentieth session on progress in the operations of the Special Human Settlements Programme, including progress in the mobilization of financial resources for the Technical Cooperation Trust Fund.

8th meeting
9 May 2003
Resolution adopted by the General Assembly

[on the report of the Second Committee (A/58/491)]


The General Assembly,

Recalling its resolution 32/162 of 19 December 1977, in which it established the Commission on Human Settlements and the United Nations Centre for Human Settlements (Habitat),

Recalling also its resolution 56/206 of 21 December 2001, in which it decided to transform the United Nations Centre for Human Settlements (Habitat) into the secretariat of the United Nations Human Settlements Programme (UN-Habitat), and the Commission on Human Settlements into the Governing Council of UN-Habitat, a subsidiary organ of the General Assembly,

Having considered the recommendation of the Governing Council, in its resolution 19/1 of 9 May 2003,¹ that the General Assembly adopt its draft rules of procedure as contained in the annex to that resolution, and the oral statement by the Chairman of the Working Group on Rules of Procedure of the Governing Council,²

Adopts the draft rules of procedure of the Governing Council of the United Nations Human Settlements Programme (UN-Habitat) as contained in the annex to Governing Council resolution 19/1.¹

78th plenary meeting
23 December 2003

² ibid., annex II, appendix IV.
5. Recommends that the United Nations Human Settlements Programme should be the focal point for following up and monitoring the outcomes of the thirteenth session of the Commission on Sustainable Development pertaining to human settlements and in that context should provide practical and effective policy options, as requested by the Commission on Sustainable Development at its twelfth session;

6. Invites the Executive Director to consider including the topic of interrelations between human settlements, energy and sustainable development in the agenda of the third World Urban Forum;

7. Requests the Executive Director, in the event that those topics are addressed at the third World Urban Forum, to prepare, in consultation with the Committee of Permanent Representatives and in collaboration with Habitat Agenda partners and relevant United Nations organizations, a report on energy consumption in human settlements, including specific examples of differing policy approaches, describing how energy consumption and air pollution have been reduced, to be presented to the Governing Council of the United Nations Human Settlements Programme at its twenty-first session and to the Commission on Sustainable Development at its fifteenth session;

8. Invites Governments which are in a position to do so to support the United Nations Human Settlements Programme in its activities in following up the outcomes of the thirteenth session of the Commission on Sustainable Development with financial resources primarily routed through the United Nations Habitat and Human Settlements Foundation;

9. Also invites all Habitat Agenda partners to support and make full use of the activities and programmes of the United Nations Human Settlements Programme in the implementation of the outcomes of the thirteenth session of the Commission on Sustainable Development;

10. Requests the Executive Director to inform Governments, through the Committee of Permanent Representatives, on the relevant outcomes of the thirteenth session of the Commission on Sustainable Development and to include a reference to the implementation of the present resolution in her overall progress report to the Governing Council at its twenty-first session.

Resolution 20/21: Organization and themes for future sessions of the Governing Council

The Governing Council,

Recalling its resolution 5/15 of 7 May 1982, in which it decided to designate the subjects of the special themes of its sessions two years in advance,
Also recalling its resolution 16/12 of 7 May 1997, in which it decided to provide, at future sessions of the Council, opportunities for partners to engage in a dialogue among themselves and with Governments,

Further recalling its resolution 19/5 of 9 May 2003, in which it decided that a continuing focus of its twentieth and future sessions should be the implementation and monitoring of the goal of the United Nations Millennium Declaration on improving the lives of slum-dwellers,

Noting that the World Urban Forum now provides an opportunity for extensive dialogue among Governments, local authorities and other Habitat Agenda partners,

Recognizing the importance during sessions of the Governing Council of a focused, interactive high-level segment on priority policy issues,

1. Endorses the recommendations of the Committee of Permanent Representatives on improving preparations for the Governing Council, which are contained in the appendix to the present resolution,

2. Decides that the special themes referred to in resolution 5/15 shall no longer be chosen two years in advance, but shall instead be selected by the Bureau of the Governing Council at least six months before the start of each session of the Governing Council, on the basis of advice from the Executive Director, in consultation with the Committee of Permanent Representatives, taking into account the outcome of the sessions of the World Urban Forum and the requirement for a continuing focus on the implementation and monitoring of the goal of the Millennium Declaration on improving the lives of slum dwellers;

3. Also decides that the high-level segment and the dialogues referred to in its resolution 16/12 should normally focus on those special themes and should constitute the substantive debate on the special themes;

4. Requests the Committee of Permanent Representatives to recommend to the Governing Council at its twenty-first session, through the Bureau of the Governing Council, further proposals for improving the structure and organizational arrangements of the twenty-first and future sessions of the Governing Council including, in particular, the high-level segment;

5. Also requests the Executive Director to prepare a background paper for use by the Committee of Permanent Representatives in complying with the request set forth in the preceding paragraph.

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54 General Assembly resolution 55/2.
Appendix

Recommendations for improving the preparations for future sessions of the Governing Council

I. Preparatory phase of the Governing Council

A. Organization of the work of Committee of Permanent Representatives working groups

1. The organization of the meetings of Committee of Permanent Representatives working groups should be improved by preparing a schedule of meetings in advance, distributing clear agendas which identify the documents to be discussed under each item and ensuring that all relevant documentation is circulated two weeks in advance in both hard-copy and electronic form.

2. The agendas of the meetings of the working groups should be short and streamlined.

1. Preparation of draft resolutions and decisions

3. The proposal for the provisional agenda, date and, where appropriate, venue for future special and regular sessions of the Governing Council should be prepared and finalized as far in advance as possible and in close consultation with the Committee of Permanent Representatives. If supplementary items are proposed for inclusion in the agenda, they should be submitted and considered as early as possible before the session of the Governing Council in question.

4. A comprehensive list of all possible draft resolutions and decisions to be submitted by the secretariat should be circulated to the Committee of Permanent Representatives at least four months in advance of the Governing Council session, with an explanation of why each is needed. As a rule, draft resolutions and decisions should not be submitted unless there is an identified need.

5. States wishing to submit draft resolutions and decisions should be encouraged to do so well in advance of each session of the Governing Council.

6. Draft resolutions and decisions should be clustered by subject and content.

2. Documentation

7. Documentation should be prepared early and a quality check should be carried out before documents are submitted to the Committee of Permanent Representatives.

8. The number and size of working, information and background documents should be limited. All documentation on a particular topic should be grouped together.

9. Final documentation should be circulated as early as possible.
B. Preparation of the work programme and budget

10. Provision should be made for the Committee of Permanent Representatives to give the proposed work programme and budget timely and detailed consideration.

11. At least six weeks in advance of the first discussions of the proposed work programme and budget, the secretariat should distribute it to the Committee of Permanent Representatives. The Working Group on Finance, Budget and Administrative Matters should hold comprehensive discussions on the proposed work programme and budget, in cooperation with the secretariat, and make recommendations to the Committee of Permanent Representatives.

12. The proposed work programme and budget and each subprogramme thereof should be prioritized and annotated to show clearly how each element flows from existing mandates. The draft work programme and budget should clearly identify items which depend on the adoption of decisions by the Governing Council.

13. The broad outlines of the proposed work programme and budget and its underlying mandates should be presented for discussion to the relevant working group of the Committee of Permanent Representatives before the full proposed work programme and budget are drafted.

II. Conduct of sessions of the Governing Council

A. Structure of sessions of the Governing Council

14. Consultations should be started as early as possible on the structure of each session of the Governing Council.

15. The dialogues should focus on the two special themes for the Governing Council and should constitute the main substantive debate on those special themes.

16. Priority items should be placed on the Governing Council agenda for consideration early in the session.

17. The selection of themes for each session should take into account relevant emerging issues and the outcomes of intergovernmental meetings relevant to the work of UN-Habitat. In that connection, General Assembly resolution 57/270 B of 23 June 2003 on integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields, should be taken into account.

18. Multi-year mandates should be considered so that certain items need not be on the agenda of each session of the Governing Council. Items with multi-year mandates should be kept under review by the Committee of Permanent Representatives.
19. A working group to consider the work programme and the budget should be established at the beginning of the Governing Council session to give the working group sufficient time to consider the work programme and budget carefully.

B. Conduct of sessions of the Governing Council

20. The number of parallel and social events should be kept to a manageable level.

21. In accordance with the established practice, an alphabetical seating pattern should be followed at all sessions of the Governing Council.

22. The Executive Director, in consultation with the Committee of Permanent Representatives, should establish a structure for the theme-related dialogues well in advance of the Governing Council for submission to the Bureau of the Governing Council.

23. Ministers should be encouraged to participate in the theme-related dialogues. The discussions during and the outcome of those dialogues should be taken into consideration in the negotiations on related draft resolutions.

24. Participants in the theme-related dialogues should be encouraged to engage in interactive dialogue. Written statements, although acceptable, should not replace open dialogue.

25. Each theme-related dialogue should have a moderator or facilitator and one resource person to encourage interactive debate.

26. If the Governing Council, after careful consideration of the recommendations of the Bureau and the Committee of Permanent Representatives, establishes subsidiary organs, subcommittees or working groups, meetings of the Committee of the Whole and those of the plenary should not be held simultaneously, to the extent possible.

27. To enhance accessibility, the possibility should be considered of showing the proceedings on a television monitor outside the meeting room.

28. The establishment of working and contact groups and their schedules and venues, and of regional group meetings, should be clearly announced in both plenary meetings and meetings of the Committee of the Whole. The information should also be posted on a prominent announcement board.
INTRODUCTION

The present document has been prepared by the Secretariat at the request of the Committee of Permanent Representatives in order to facilitate consultations during the Twenty-first Session of the Governing Council. It is intended to enable delegates to gain a better understanding of the United Nations Habitat and Human Settlements Foundation (referred to herein as the "Foundation"). Members of the Working Group of Committee of Permanent Representatives of UN-HABITAT have engaged in ongoing constructive dialogue with the Secretariat on the Medium Term Strategic and Institutional Plan (MTSIP) including the Foundation in preparation for the Governing Council. The selection of questions and corresponding answers reflects the content and spirit of this dialogue. Questions emerging from previous sessions of the Governing Council, the 2007 Staff Planning Retreats of the Secretariat, the Oslo Donors Conference, the post-Oslo Joint Consultations of the CPR, and from various meetings of the regional groups have also been taken on board. The present document is organized into five parts beginning with the institutional setting of the Foundation, and on to recent progress, the regulatory framework, reimbursable seeding operations, and next steps.
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PART ONE: INSTITUTIONAL SETTING

1. What is the role of UN-HABITAT?

The mandate of UN-HABITAT is to promote affordable shelter and sustainable human settlements development. It is responsible for coordinating the implementation of the Habitat Agenda and assisting member States and Habitat partners to achieve agreed targets of the Millennium Development Goals. Of particular relevance is target 10 “to halve the proportion of people without access to safe drinking water and basic sanitation by 2015,” and target 11 “to significantly improve the living conditions of at least 100 million slum dwellers by 2020 in line with the Cities Without Slums Initiative of UN-HABITAT and the World Bank.” The latter role was given further impetus in paragraph 56(m) of the 2005 World Summit Outcome that also recognized the urgent need for the provision of increased resources for affordable housing and housing-related infrastructure, prioritizing slum prevention and slum upgrading; and encouraged support for the United Nations Habitat and Human Settlements Foundation and its Slum Upgrading Facility.”

2. What are the comparative advantages of UN-HABITAT?

A comparative advantage of UN-HABITAT is its ability to understand, work with and convene a wide range of local actors. These include slum dwellers and their organizations, local authorities, private utilities, formal and informal domestic financial institutions, nongovernmental organizations, departments of central governments, professional associations, and academics, among others. By working with member States through communities, governments and the private sector the organization is well placed to provide technical assistance. This comes in the form of advocacy, policy advice, institutional reform and strengthening, training in planning and management, piloting and field-testing of new approaches, and direct execution of projects for shelter delivery and urban basic services. Once tested and validated, such innovative new approaches would be emulated and brought to scale by institutions that are larger and better resourced such as international financial institutions and bilateral donors.

A second, related comparative advantage of UN-HABITAT is that it is one of the few multilateral development agencies established to promote a spatial, rather than sector approach to development. Improving human settlements is a complex undertaking that requires integrating very different, but inter-connected issues. These include participatory planning, shelter delivery, land management, infrastructure provision, finance, and employment. More broadly it involves inclusive urban management, decentralization of public administration, strengthened domestic capital markets, equitable macro-economic policy, and pro-poor financial sector reforms. It is for this reason that UN-HABITAT has gained competency in these diverse areas and is in the process of developing an enhanced normative and operational framework to make these available to member States in a more integrated, accessible manner. The agency deals with a multi-faceted agenda requiring a multi-pronged approach. To be effective, it offers a minimum package of interventions, coordinating the work of multiple agencies and local actors.

A third comparative advantage is the ability of the organization to draw upon its technical assistance and convening power at country/local level to promote sustainable urbanization globally. The World Urban Forum, the State of the World Cities Report, and the Global Report on Human Settlements elevate the issue of urbanization. So too has the active participation of the Executive Director of UN-HABITAT in the United Nations Chief Executive Board (CEB), the Executive Committee of Humanitarian Agencies (ECHA), the Commission for Social
Determinants of Health (WHO), the 2005 Commission for Africa and the High-Level Committee on the Legal Empowerment of the Poor (CLEP). The agency was instrumental in the establishment of Regional Ministerial Conferences on Housing and Urban Development (Latin America, Africa and Asia) and the United Cities and Local Government (UCLG). It is also active in the Consultative Group for Assistance to the Poor (C-GAP), among other bodies.

3. **What is the Foundation and what are its objectives?**

The United Nations Habitat and Human Settlements Foundation (referred to herein as “the Foundation”) was established in 1974 by the General Assembly to assist member States mobilize resources for their shelter and infrastructure programs. In 1977, it was joined with the Department of Housing, Building and Planning of the Department of Social and Economic Affairs (DESA) to form the United Nations Centre for Human Settlements following the first Habitat Conference held in Vancouver, in 1976. The organization did not succeed in the 1980s and 1990s to capitalize the Foundation, nor to set up appropriate institutional arrangements within the Secretariat. As a result, it never fulfilled the objectives for which it was established. Member States did not benefit from the Foundation as a vehicle from which they could obtain technical assistance, seed capital, loan guarantees and equity investments that could be used to leverage investment for their shelter and infrastructure programs. The Foundation instead evolved into a repository for voluntary contributions (general purpose and earmarked) to UN-HABITAT.

In the meantime urbanization increased rapidly and chaotically. At Habitat II (Istanbul, 1996) the world was awakened to the rude reality of increasing urbanization and growing urban poverty. The Habitat Agenda was endorsed calling inter alia for the strengthening of the Habitat Secretariat to assist Member States cope with the urban crisis. This was to be revisited by the Special session of the GA held in New York in June 2001 (Instanbul+5) and in its para 63, the GA special session requested the Secretary General to provide it (the GA) with option to upgrade the organization. Thus in December 2001, the GA in its resolution 56/206 upgraded the old Habitat Centre into a full-fledged programme, or UN-HABITAT as it is today. The GA also decided that the organization would be led by an elected Under-Secretary General, under the oversight of a Governing Council that is a subsidiary organ of the GA itself albeit reporting through ECOSOC.

Since then, the organization has worked systematically to improve its effectiveness including revitalizing the Foundation in accordance with directives from the General Assembly, the Governing Council, and Global Summits including the 2002 World Summit on Sustainable Development and the 2005 World Summit. The objective of the Foundation is to work with member States and Habitat partners to facilitate the mobilization of four types of resources: domestic capital from banks and private investors at country level, savings by the urban poor through appropriate community level organizations, public investment from municipal and central governments, and investment from international financial institutions.

4. **Why is UN-HABITAT concerning itself with financing?**

Housing and settlements infrastructure development cannot be delivered in a sustainable manner without considerable mobilization of domestic resources. From conception, it was clear that the agency could not deliver its mandate without being successful in domestic resource mobilization. It follows that the interest of UN-HABITAT in financing reflects the magnitude of urban poverty and the mandates from its governing bodies. In upgrading it to a programme, the GA, in its resolution 56/206 recognized the need for the international community to come to terms with the
social, environmental, and economic implications of chaotic urbanization. The challenge of slums warranted a dedicated Programme of the United Nations. As part of the transformation of the organization in 2001, the General Assembly called upon the new Programme to revitalize the Foundation. The GA understood that the ability of UN-HABITAT to confront urban poverty would require it to move the Foundation from a mere repository of voluntary contributions to a robust instrument to assist member States mobilize investment in line with its original objectives. Since this time subsequent sessions of the GA have never seized “to urge the Executive Director to increase her efforts in strengthening the Habitat and Human Settlements Foundation.”

In response to this call by the GA and the GC, in 2002, the Secretariat commissioned studies with funding from SIDU and DFID to assess the status of financing for human settlements and to identify how best to implement the GA request to revitalize the Foundation.1 The studies established that there was a huge gap between the requisite and available resources to improve the lives of at least 100 million slum dwellers (MDG target 11). Total combined official development assistance (ODA), public expenditure and private investment made up less than 10% of estimated USD 74 billion required to improve conditions in slums. The studies also found that slums were not stagnant. In the absence of formal financing in cities, private entrepreneurs and the urban poor were investing in slums. In actual fact, the majority of slum dwellers are tenants and slum landlords were, in fact, reaping excessive profits at the expense of the poor! Some savings associations, micro-finance institutions, and financial intermediaries were at the forefront of mobilizing resources for shelter but in an ad hoc and unsustainable manner. At the same time conventional financial institutions were not active because of the complexity of social organization with very high transaction costs. There was a clear gap, and an intermediary, such as UN-HABITAT was needed to bridge the gap in social organization for the poor to access institutional credit. These studies concluded that UN-HABITAT should draw upon its expertise working in cities and slums to link traditional sources of finance (ODA, public expenditure, formal sector private investment) with innovative financing in informal settlements (savings associations, MFIs, etc.). The study recommended the establishment of a Global Shelter Facility offering loan guarantees and seed capital, and a Global Shelter Assistance Facility, offering technical assistance.

These recommendations were submitted by the Secretariat to the GC at its 19th session in 2003. After due consideration of the matter, the Governing Council provided the Secretariat with guidance on how to proceed in strengthening the Foundation (see GC/19/11). Rather than recommend a fully fledged Global Shelter Facility as recommended by the financial consultants, the GC urged the Secretariat to provide technical assistance and seed capital to field-test design instruments, establish a track record, assess lessons learned, build up internal capacity, and thereafter identify ways of scaling up. This was through the Slum Upgrading Facility pilots. The essence of this first phase was to demonstrate how traditional and innovative sources of finance could be combined to mobilize investment for slum upgrading. The Governing Council also called upon the Secretariat to work with the World Bank Group, regional development banks and other international financial institutions to direct investment to informal settlements.

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PART TWO: STRENGTHENING THE FOUNDATION – RECENT PROGRESS

5. **What are the key developments of the Foundation over the past 4 years and how have international and regional development banks supported it?**

The Secretariat has since the 19th Session of the Governing Council in 2003 strengthened the Foundation in line with the recommendations of the General Assembly and the Governing Council. Following its revitalization, upgrading into a programme, and appointment of a new Executive Director at the level of Under-Secretary-General, donor confidence has been restored and financial contributions into the Foundation increased five-fold from USD 16 million in 2000 to USD 135 million in 2006. Four elements instrumental in this positive progress are the Slum Upgrading Facility, the Water and Sanitation Trust Fund, enhanced partnerships with international financial institutions, and institutional arrangements designed to position the Foundation strategically within the Habitat Secretariat itself.

The Secretariat launched the *Slum Upgrading Facility of the Foundation* in 2004 with initial financial support from DFID and Sida (later joined by the Government of Norway), and extensive collaboration with other members of the Cities Alliance co-chaired by the World Bank Group and UN-HABITAT. Activities commenced in Ghana, Tanzania, Sri Lanka and Indonesia. With additional support other pilot countries of the sub-regions of West Africa, East Africa notably Kenya and Uganda, South Asia and Southeast Asia are being covered. SUF is a direct application of the recommendations of the Governing Council at its 19th Session (see GC/19/11) as it seeks to assist member States and Habitat partners to field-test design instruments to mobilize resources for their shelter and infrastructure programs. SUF places emphasis on domestic capital including investment for slum upgrading activities that can be sourced from mortgage finance institutions, pension funds, private securities investors, micro-finance institutions, urban poor savings associations, and community-development financial intermediaries. SUF offers financial actors and governments a combination of technical assistance and seed capital (in the form of grants) to introduce business plans for slum upgrading projects that can attract diverse sources of domestic capital. Technical assistance is administered by UN-HABITAT with the assistance of an international service contractor (SUF Pilot Team) with expertise in finance. The Governing Council at its 20th Session in 2005 took note of progress made by the Secretariat of the Slum Upgrading Facility of the Foundation (see GC/20/18), as did the Heads of State in 2005 (see Summit Outcome Document, para 56m).

Concurrently, and following the 2002 Johannesburg Programme of Implementation, the *Water and Sanitation Trust Fund* was established to link the pre-investment activities of the Secretariat to the investment portfolios of regional development banks, helping cities mobilize resource for infrastructure improvements in slums – a key objective of the Foundation. In 2005, UN-HABITAT entered into an agreement with the Asian Development Bank to fast track USD 500 million in lending by ADB to cities that had successfully participated in Water for Asian Cities Programme (six cities in China, India and Indonesia). A second agreement with ADB has been signed in 2007 to designate and additional USD 1 billion for such lending. UN-HABITAT has also signed agreement with the African Development Bank to fast-track USD 540 million in lending to cities participating in the Water for African Cities Programme (six cities in Sub-Saharan Africa). In 2003 the agency also signed an MoU with the Inter-American Development Bank for similar cooperation in Latin America and the Caribbean. These are by no means small achievements demonstrating the vigour and zeal with which UN-HABITAT is approaching the subject of securing follow-up investments for its pilot programs and normative work.
Starting in 2002, the Secretariat re-established consultations with the World Bank Group pursuant to the recommendations of the General Assembly that called for engaging international financial institutions including the World Bank in partnerships to strengthen the Foundation (see GA/56/206). In their consultations in 2002, the then President of the World Bank (Mr. Jim Wolfensohn) and the Executive Director of UN-HABITAT (Mrs. Anna Tibajjuka) agreed to strengthen their cooperation with members of the Cities Alliance and to explore additional areas of collaboration in the areas of finance, water and sanitation, and research. Subsequently, the Executive Director held consultations with the head of the International Finance Corporation that resulted in deepening UN-HABITAT and IFC cooperation in the areas of housing finance in West and East Africa. Thereafter, Mrs. Tibajjuka has held consultations with the World Bank’s Director of the Water and Sanitation Programme (WSP) as well as with the World Bank’s Vice Presidents for Infrastructure (now Sustainable Development), Asia and for Africa (meetings that included Country Directors from the region). Where as in 2002, the country cooperation with the World Bank Group was non-existent the Secretariat is now working with Country Directors in select member States to situate its pre-investment activities within the Bank’s Country Assistance Strategy (CAS). More recently, the Deputy Executive Director of UN-HABITAT (Mrs. Inga Klevby) and the Vice President for Sustainable Development of the World Bank (Mrs. Kathy Sierra) have agreed to co-chair annual consultations among senior managers of the two institutions to review progress and explore areas for future cooperation.

In 2004, the Secretariat established the Human Settlements Financing Division as the forth sub-programme (SP4) of UN-HABITAT pursuant to its Work Programme for the Biennium 2004-2005 approved by the Governing Council at its 19th Session (see GC/19/4). In line with limited resource realities, initially the composition of the new Division included SUF, a Programme Development Branch (for partnerships and special projects), and an Urban Finance Branch (for analysis and financial modeling). In February 2007, the Secretariat relocated the Water and Sanitation Trust Fund to the Division thereby consolidating key elements of the Foundation within one sub-programme. While the substantive elements of the Foundation are situated institutionally within the new Division (SP4), the Office of the Executive Director provides added support for the functions of political and inter-institutional relations, and monitoring and evaluation. The Programme Support Division administers the trust funds of the Foundation that include SUF and WSTF, as well as other voluntary contributions (general purpose and earmarked). In line with GA resolution 56/206 the Executive Director serves as the Administrator and custodian of the Foundation, delegating authority for the day-to-day management of Foundation activities to the Deputy Executive Director. (Note revised organizational structure of UN-HABITAT as per ST.SGB/2002/14, and in HSP/GC/21/5/Add 3).

6. What is the relationship between the Foundation and the MTSIP?

The Medium Term Strategic and Institutional Plan (MTSIP) provides new strategies and institutional arrangements for UN-HABITAT to have greater impact in its efforts to improve the conditions of people living and working in poverty. The Foundation is embedded in the MTSIP and is a pre-requisite for its successful implementation. The planned enhancements of the Foundation as presented in the MTSIP will enable the organization harmonize its interventions with those of financial institutions (domestic and international), leverage public and private investment, and in so doing, address the challenges of urban poverty at scale.

The MTSIP sets out a strategy for how the organization can sharpen its focus and work more effectively to coordinate its assistance to member States, improve coherence with international actors, and go to scale. Emphasis is placed on the development of an enhanced normative and operational framework (ENOF) for interventions at country level in line with calls for UN reform
and system-wide coherence. The framework enables member States to draw upon a package of
technical assistance from the organization that includes four elements of human settlements
development (planning, land and housing, infrastructure, and finance). It provides member States
and the United Nations Country Teams an opportunity to situate urban development and housing
more prominently within the Poverty Reduction Strategies (PRS) and United Nations Assistance
Development Framework (UNDAF).

Once operational, the enhanced normative and operational framework will serve not only as a
mechanism for harmonizing diverse sources of public investment (municipal, national, bilateral
and multilateral) but also as a pre-investment package for leveraging different sources of private
savings and capital (international development banks and domestic financial institutions). The
framework will build upon the pre-investment package for regional development banks
established by the Water and Sanitation Trust Fund, bringing in elements of planning, land and
housing, as well as of infrastructure and environmental management. It is also envisaged that
ENDAF will accelerate ongoing efforts by World Bank Country Directors to integrate sustainable
urbanization within the Bank’s Country Assistance Strategy (CAS). Furthermore, the framework
will enhance the work of the Slum Upgrading Facility to prepare business plans for affordable
housing and basic services, thereby attracting domestic private investment and savings.

PART THREE:
REGULATORY FRAMEWORK -- INSTRUMENTS OF MANAGEMENT & CONTROL

7. What are the Financial Regulations and Rules of the Foundation? Why were
they revised?

The Financial Regulations of the UN and of the Foundation are adopted by the UN General
Assembly. The Financial Rules of the UN (100 series) and the Financial Rules of the Foundation
(300 series) are formulated by the Secretary General and promulgated as ST/SGB (i.e.
Secretariat/Secretary General Bulletin). The 100 series Rules govern the Foundation, unless
exceptions or additions are authorized in the 300 series. Such exceptions are determined to be
required by the Secretary General for the Foundation pursuant to the Financial Regulation
adopted by the General Assembly specifically for the Foundation. The Secretary-General may
determine and authorize exceptions to the 100 series in view of the nature of the Foundation
activities, the method of its funding, and the procedures of its budget. The first 300 series
Financial Rules for the Foundation were promulgated by the Secretary General in
ST/SGB/UNHHSF/3(1978), issued in January 1978. They remained in force until the new
ST/SGB/2006/8 that was issued by the Secretary General on 20 July 2006 and entered into force
on 1 August 2006. The revising was necessitated by the UNGA decision 57/537 of 20 December
2002 which decided that the Financial Regulations on the Foundation which applied exclusively
to UNHHSF be presented in the special annex for UNHHSF to the Financial Regulations and
Rules of the United Nations. In effect the new financial regulations and rules outlined in the
Special Annex (ST/SGB/2006/8) provide financial authority and control to the full range if the
Foundation’s mandate.
8. **What are the Draft Operational Procedures and Guidelines (OPG) of the UNHHPF and why has the Secretariat prepared them?**

The Secretary-General, on the basis of the relevant UN Financial Rules specifically adopted by the GA, issued his bulletin (ST/SGB.2006/8) on the “Special annex for the UNHHPF (series 300) to the Financial Regulations and Rules of the UN (series 100)” with effect 1 August, 2006. Following the promulgation of new rules, the old General Procedures and Guidelines had to be revised and updated. Thus the Draft Operational Procedures and Guidelines build upon the General Procedures Governing the Operation of the Foundation which were adopted by UNEP GC decisions 72 (IV) 1976 and decision 94(V) 1977. The OPG state clearly what is required in practical operational terms to enable the Foundation to play its catalytic role to assist communities and member States in mobilizing resources for affordable housing and infrastructure services. It should be recalled that the need for this instrument has been recognized from the first years of the Foundation’s existence then guided by the UNEP Governing Council.

The Secretariat has prepared the Draft Guidelines to assist the Governing Council fulfill its responsibility to guide the policy direction of the Foundation and to provide the Executive Director with tools for effective control and management. *Without such policy guidance, the Executive Director would have to proceed on her/his own in delivering the mandate.* Obviously this is an undesirable situation. In order to discourage this state of affairs, Rule 305.3.5 of the new rules of the Foundation envisions the Governing Council of UN-HABITAT to “provide policy guidance to the Executive Director for the establishment of Operational Procedures and Guidelines concerning the general principles, detailed systems and procedures of the Foundation, in order to guide the reimbursable seeding operations of the Foundation.” In light of this, the General Assembly at its 61st Session (GA/61/L.57) in December 2006, took note of the Special annex and “requests the Governing Council to address in a comprehensive manner, any issues relating to the Foundation at its 21st Session bearing in mind the need to effectively mobilize resources for the Foundation”.

9. **But why do we need new operating procedures and guidelines anyway?**

The original Financial Regulations of the Foundation (1977) made provision for lending and borrowing. The Special annex (2006) provides, inter alia, the necessary rules that were not included in ST/SGB/UNHHPF/Financial Rules 3 (1978), and gives priority to “seeding operations.”

10. **Why should the Foundation take on lending and borrowing functions, isn’t this the role of the IFIs? How would the Foundation work with the IFIs?**

The GA is aware that international financial institutions (IFIs) are not able to reach the poor communities and municipalities with housing and infrastructure finance, and has therefore mandated UN-HABITAT to bridge this gap. Accordingly, the Draft Guidelines envision that the Foundation will undertake small-scale, targeted lending (referred to as seed capital operations) that will augment and accelerate large-scale lending undertaken by IFIs.

Notwithstanding full mandate and authority to do so, under article 8.7 of the draft procedures, it is recommended to the Governing Council that the Secretariat adopt a cautious phased approach. Borrowing functions of the Foundation should therefore be deferred until the Secretariat develops a sufficient track record in small-scale, targeted lending that would warrant borrowing as a means
to increase the working capital of the Foundation. The long-term vision of the Foundation is to
direct lending and borrowing functions to set precedents in uncharted territory where financial
institutions, because of the nature of their establishments are either unable or unwilling to lend.
The Foundation would in this way serve as an international financial intermediary, connecting the
poor and otherwise excluded to institutional finance at national and international level as
appropriate. It will assist member States and Habitat partners to introduce financial instruments in
slums and informal settlements, working with IFIs to mainstream large-scale lending and make it
accessible to the poor.

It needs to be recognized that in all 34 years of its existence, effective cooperation of the
Foundation with financial actors has been constrained by the absence of requisite financial rules
and operational procedures. The promulgation of the financial rules in 2006 is therefore one of
the landmark achievements in strengthening UN-HABITAT to deliver its mandate. The Draft
Guidelines provide means by which international, regional and domestic financial institutions can
work with UN-HABITAT and in so doing direct investment to urban poor organizations and local
authorities without assuming large transaction costs. For example, IFIs can undertake joint
programming with UN-HABITAT that involves working closely with local actors who have
secured small-scale, targeted lending from the Foundation. IFIs can monitor the precedent set by
these local actors and augment the seed capital with larger flows of investment. Partnering in this
way, financial institutions will be well placed to assess and strengthen the targeted-lending
operations of the Foundation and advise the Secretariat on how best to implement the Draft
Guidelines.

The Draft Guidelines therefore chart a cautious approach for the implementation of the lending
and borrowing mandate of the Foundation, deliberately confining lending to modest seed capital
operations initially on a pilot basis. The Governing Council will be able to guide the Secretariat
through continuous reviews drawing from experience. The risk for entering into new areas hastily
is minimized if not eliminated through a pragmatic incremental approach clearly elaborated under
article 8.7 of the Draft Guidelines.

PART FOUR: REIMBURSABLE SEEDING OPERATIONS -- REVOLVING FUND
ACCOUNT

11. What is the “revolving loan fund account” of the Foundation and how does it
relate to general and special purpose fund accounts?

The revolving loan fund account (REFA) is the same as the Loan Fund referred to in the Special
annex of financial rules of the Foundation. It is dedicated to the reimbursable seeding operations\(^2\)
of the Secretariat and the provision of capital for revolving loan funds, particularly at country
level. The revolving loan fund account will be independent from the accounts of the Foundation
that serve as a repository for other non-reimbursable voluntary contributions (general purpose and
earmarked). The establishment of separate accounts of the Foundation will ensure that the
Secretariat will not use funds from one account to finance activities not stipulated for that
account. This will maximize the efficiency of the Foundation, offer greater clarity about the
purpose of the Foundation, and ensure greater transparency of use of donor funds.

\(^2\) The GA first referred to "reimbursable seeding operations" in 1977 when it approved the Financial
Regulations. The term is also used in the Financial Regulations, section 1.2 pertaining to borrowing
operations. The GA reaffirmed this borrowing authority regulation in its resolution of 2002.
12. What is a revolving fund in general?

A revolving loan fund is a source of money from which loans are made normally to low-income people or groups, and once repaid, are lent out again. The fund is normally initially capitalised with grants that do not need to be repaid to the donor. In the case of the Foundation, loans would be made to community-based organisations or municipalities for undertaking low-income housing and infrastructure projects which fall under the Habitat Agenda and other related United Nations mandates.

13. Why do we need revolving funds?

The purpose of a revolving fund is to provide a source of financing that may otherwise not be available within the community level or municipal level for undertaking low-income housing and infrastructure projects. It is often used to fill a “financing gap” or to play a catalytic role in (or in promoting) low-income housing and infrastructure projects. A gap occurs when a low-income project lacks sufficient funds to meet the equity requirements of banking financing, or needs a lower interest rate to enhance the affordability. The revolving fund itself is not a bank. Rather it facilitates community-based organisations or municipalities to access more affordable financing. A revolving fund may create incentives to leverage local financing for low-income housing and infrastructure projects.

A revolving fund also reduces donor/grant-addictive behaviours of communities. Heretofore, UN-HABITAT has given grants to local project implementing parties such as communities or municipalities or governments. It does not require parties implementing projects to repay such grants, including for physical infrastructure. Grant funding is free money and obviously beneficiaries welcome it, at least in the immediate term. However, in the sector of housing and community infrastructure, grants or free money do not create responsibility and ownership of the assets. Overtime grant funding leads to neglect and poor maintenance of the assets. Beneficiaries can also develop a dependency syndrome and expect the donor to come back to their aid once the assets deteriorate. In contrast, the revolving fund requires beneficiaries to pay back the funds borrowed to develop their assets. This invariably creates an incentive and responsibility among beneficiaries to generate income to pay back their borrowing. Furthermore, revolving funds have a powerful multiplier effect: once the loans are repaid, the replenished revolving fund can lend money to other projects and hence address urban poverty at scale. Given the high resource intensive nature of the housing and urban infrastructure sector, a revolving fund is the most effective way to deliver the Habitat Agenda. The founders of the agency were aware of this reality and necessity, and the GA granted the Foundation with authority to lend and eventually to borrow to replenish its capital base in aid of the poor and low income groups, at own risk and without need for binding sovereign guarantees.

14. But exactly how does a Revolving Fund create a multiplier effect in promoting low-income housing and infrastructure development?

At local level housing revolving loans are given normally on a 1-3 year term depending on the nature of the investment and the time needed to complete it. Once the first revolving loan is repaid from the first project/group, the funds can immediately be lent to the second project; and once the second project repays, it can be used for a third project, fourth project and so on. The
money revolves in this way. Figure 3 shows the process of revolving and scale-up through the revolving fund proposed for some pilot women cooperative housing projects.

The process is as follows:

1. SUF/Gender Unit at UN-HABITAT enters into partnership with a financial intermediary called a Women Land Access Trust (WLAT) willing to assist poor women organise themselves into housing cooperatives;
2. SUF provides a loan to the WLAT channelled through a local partner bank to establish a revolving fund for its associate housing cooperatives;
3. The partner bank transfers the loan (interest-free or otherwise) to the financial intermediary WLAT to develop a housing project for its first Housing Cooperative A;
4. Financial intermediary WLAT develops the housing project in consultation with member beneficiaries in Housing Cooperative A (development phase);
5. Upon completion, beneficiaries in Housing Cooperative A take mortgage loans from the partner bank to occupy their respective house/apartment from the partner bank (mobilisation of domestic resources);
6. Resources generated in stage 5 enable the financial intermediary WLAT to recover the principal from beneficiaries of Housing Cooperative A and restart the process for the next Housing Cooperative B, *ad infinitum* if the revolving fund is a country level activity, or until the time of maturity to repay back the loan to the global REFA. In the example below, 6-10 years are contemplated, *ceteris paribus.*

Figure 8. Revolving Fund and its Multiplier Effect
15. **What is the experience of Revolving Funds and what is UN-HABITAT’s role and advantage with them?**

Essentially, a revolving fund is a normal lending operation. It is the basis of all lending, especially in situations of poverty and low-level financial resources often requiring group action of some sort. Lending is defined for a specific purpose – such as mortgages or even small loans facilities for housing or upgrading. Money is lent for the purpose and repayments made to that central account either regularly or at an end date. Once returned, the money is lent again. This was the basis of ‘friendly societies’ set up as forerunners of Building Societies and mortgage-type institutions. In due course the financing mechanisms naturally became more complex, but the principle remains the same.

Revolving funds can be set up and administered locally (in-country schemes), or globally – where a global fund is accessed by the in-country operations. UN-HABITAT is a global body mandated\(^3\) to facilitate finance for local urban development, slum upgrading, and pro-poor housing. The Secretary General’s Bulletin sets out the requirements for UN-HABITAT to undertake such a global facility. This will be undertaken in cooperation with the existing international financial architecture, extending its reach to more of the one billion slum dwellers than have ever been reached with formal financial arrangements.

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\(^3\) UN-HABITAT mandate is through UNGA resolution 56/206 and the Foundation most recently by the Heads of State at the World Summit 2005 in their paragraph 56(m) of the outcome document, and the Secretary General’s Bulletin of 1 August 2006.
UN-HABITAT has a unique understanding of the financing requirements of the world’s one billion slum dwellers built on its collective Habitat Partnership arrangements. Where already operating, the Habitat Partners have considerable experience of the workings of local revolving funds whereby the community savings and loans schemes demonstrate a good repayment performance based on local peer-level management. This reflects the experience of the Grameen Bank short-term micro-credit in Bangladesh and elsewhere, and others such as the IIED/Sigrid Rausing Trust International Urban Poor Fund with Slum Dwellers International. Where a person of extremely modest means is helped with ‘micro-credit’ then they ensure that repayments are made. Proportionately the urban poor have more to lose through any default. The community basis of repayment also ensures that initial difficulties are overcome at the community level. Bankers recognize this as good financial management and worthy of extended financial arrangements.

However, the methodologies of extending finance for housing and upgrading, needing longer term finance are more complex and require good technical assistance and support, than is the case of other micro-credit schemes which tend to be short-term. Due to this complexity, there is a clear gap in pro-poor housing finance and UN-HABITAT is tasked by the GA to build this experience directly with the Slum Upgrading Facility (SUF), the Water and Sanitation Trust Fund (WSTF), and indirectly with the various women’s land access groups/trusts (WLATs) that it is assisting specifically in several pilot countries in Africa under cooperation between the Gender Unit and SUF as illustrated in Figure 3 above.

16. How could an experimental phase be introduced in the UN-HABITAT 2008-2009 biennium that would allow the field-testing of “reimbursable seeding operations” on a global basis as enabled under the new Regulations and Rules of the Foundation and operationalised through their Operational Procedures and Guidelines?

The Regulations and Rules for the United Nations Habitat and Human Settlements Foundation enable UN-HABITAT to undertake “reimbursable seeding operations” that makes ‘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 etc. to support the mobilization and effective utilization of domestic financial resources for human settlements by local lending financial institutions, in particular housing finance and community-based savings and loan organizations and other institutions engaged in low-cost housing and slum upgrading programmes’. (See Rule 301.3)

Operations to support the mobilization of domestic financial resources by local lending financial institutions are very similar to the methodologies already employed by the Slum Upgrading Facility, and through pre-investment finance, the methodologies employed by the Water and Sanitation Trust Fund, except with the significant difference that they are all currently exclusively on a ‘grant’ basis and not on a ‘reimbursable’ basis, in line with the earlier Rules and Guidelines. Presently, there is no mechanism for UN-HABITAT to channel grants through banks but to give them directly to partners, limiting the prospect for official local revolving funds arrangements as those illustrated on Figure 3 above.

In order to field test ‘reimbursable seeding operations,’ some experimental ‘live’ projects would need to be undertaken that would in turn test the provisions of the Foundation Operational Procedures and Guidelines as set out in the Foundation’s Policy Framework (see HSP/GC/21/5/ADD.3).
An experimental phase, also called Phase I under article 8.7 of the draft guidelines, could be introduced to the Foundation to be run alongside the existing General Fund and Special Fund windows of the Foundation such that the new Regulations and Rules could apply within the format of the Draft Guidelines. In this way the Governing Council would be in a position to observe first hand how the provisions for reimbursable seeding operations perform. The extent to which such an experiment could be exercised would naturally depend on available funding and timing. Regular reporting of these experiments would allow an evaluation of progress to be made at the 22nd Session of the Governing Council and thereafter.

It should be noted that the Guidelines require and make provision for the Foundation Advisory Board and the Loan Operations Review Committee of the Foundation to be established with a view to working with others, to bring together the leading authorities of financing operations that deal with human settlements, and pro-poor housing, in such a way that they and their institutions may all contribute to the processes of identifying and facilitating the local operations defined above.

New specific voluntary contributions would be required in order to fund such an experimental phase. (Existing funds are currently allocated on the basis of existing programmes utilizing exclusively ‘grant’ procedures.) SUF and WATSAN donors willing to earmark part of their existing grant to test the REFA pilots would be approached, as appropriate. After evaluation at the end of its first period of operations within the biennium, the progress on the experimental phase would help inform the Governing Council on the stage at which they would feel comfortable in any up-scaling of the processes envisaged for reimbursable seeding operations.

17. Could an experimental phase for testing ‘reimbursable seeding operations’ be established under specific Trust Fund arrangements for the purpose?

This is stated clearly in the Draft Guidelines under article 8.7 that states “Initially the foundation will provide financing for reimbursable seed capital operations solely from the capital it receives from SUCH EARMARKED voluntary contributions and other sources”. Earmarked contributions are another name for trust fund arrangements.

Thus, the experimental phase would be conducted using similar mechanisms to those employed for the SUF and WSTF, but utilizing a separate and specific Trust Fund for the reimbursable seeding operations funding under the REFA window that has authority for such lending operations. This could be set up quite quickly and would have the advantage of clearly defining the purpose of funding allocated for use in the field-testing of reimbursable seeding operations. The Regulations and Rules already permit such an operation. The relevant parts of the Foundation’s Operational Procedures and Guidelines would set out the principles under which the experiment would take place, including all governance, monitoring and evaluation arrangements required. The experimental nature of the pilots makes it possible for existing capacity to be utilized for these operations. The additional posts envisaged within the funding of the MTSIP would also supplement and strengthen existing capacities under SUF and WSTF. Relevant partnering arrangements would be employed for most of the work, together with specific coordinating personnel for the experimental phase.
18. What would be the additional costs for UN-HABITAT to run an experimental phase for ‘reimbursable seeding operations’ (RSO) in the forthcoming biennium?

Initially it would be a marginal undertaking. Costs would be split between some modest additional operational costs, and the capital costs for the ‘reimbursable seeding operations.’ There will be some requirements for legal and accountancy opinion and drafting that can be obtained through consultancy and appropriate partnerships including technical assistance from appropriate institutions, through, for example direct staff support by donors. There will therefore be calls for inputs from our many different Habitat Partners including the private sector, existing public and private institutions, and in the intricacies of the United Nations system. These additional, but modest, costs would need to be built into the experimental phase. The capital disbursements would be subject to the Regulations and Rules now in place, together with the relevant elements of the Operational Procedures and Guidelines as agreed for the experimental phase.

19. So what would an example of a pilot ‘reimbursable seeding operation’ look like?

It would be important to run the ‘reimbursable seeding operations’ experiments on pilot projects that have already had ground work established for their physical and local institutional properties together with costing for their implementation and potential affordable cost recovery patterns. To this would be added an analysis of respective business plans that would form the basis of potential local finance agreements. This is still all the same as the remit of a SUF or WSTF grant. It would be known as the Target Project to be located in a country that has demonstrated its commitment to urban poverty reduction (e.g. through national urban development strategies). An appropriate level of funding is estimated to be in the order of USD 500,000 to 2,000,000 per project, an amount commensurate to the Foundation’s current grant allocations.

The Target Project would be introduced to a local financial institution already known for its appropriateness for a local lending operation, the partner bank. The blended capital requirement (the combination of land and public investment) for the Target Project would be analyzed for local elements and ‘introduced’ elements – those elements that would be needed from an external source. When the extent of the external element is known it would be assessed in terms of a potential reimbursable seeding operation from the Foundation Trust Fund, complete with agreements for repayments, term (5-15 years), and conditionality, collectively known as the Target Project Term Proposal. Initially the terms will be concessional involving little or any risk for UN-HABITAT other than allowing for the first time the possibility of recovering the otherwise pure grant assistance. Experimental loans could be given at zero interest plus administrative costs and in local currency where and as appropriate.

The Term Proposal would be analyzed by the start-up of the Loan Operations Review Committee, the ‘credit committee’ to the Foundation, albeit itself being in a very early stage of development. Further ‘opinion’ would be sought from the relevant Foundation Advisory Board members and other partners as appropriate. When agreed by all relevant parties, a conditional fund term transfer agreement would be established with the local financial institution. Payments would then be honored between the parties, including all service charges and interest where appropriate and or applicable.

Performance would be closely monitored. Independent verification and evaluation would be made within the terms of the agreement. On maturity the reimbursable seeding operation would be completed with the local partner, the obligations absorbed and the capital returned to the Trust Fund for future consideration for utilization.
The experiment would itself be evaluated periodically and regularly, as well as finally at completion of the term. However, the intermediate evaluations would be used to inform decision-making about the merits of the operation and the extent to which it should form a model for up-scaling operations. The experiment would be reported in sequence for evaluation and consideration specifically for GC 22 in 2009 and GC 23 in 2011.

PART FIVE: REALIZING THE MANDATE OF THE FOUNDATION – NEXT STEPS

20. Why is the Secretariat suggesting a phased approach, won’t this slow the whole process down?

The General Assembly and the Governing Council recognize progress made by the Secretariat in strengthening the Foundation. Restoring donor confidence and increasing contributions five-fold in five years, leveraging domestic capital (SUF), fast-tracking investment of regional development banks (WTSF), deepening partnerships with various bodies of the World Bank Group (IFC, IDA Vice Presidencies), and establishing institutional structures to support the work of the Foundation (HSFD-SP4) have provided key building blocks for the Foundation. Furthermore, the Secretary-General has promulgated in the Special Annex the new Financial Relations and Rules pertaining to the Foundation, the General Assembly has taken note of these rules and calls upon the Governing Council to address at its 21st Session all issues related to strengthening the Foundation, and the Secretariat has prepared Draft Guidelines.

This said, however, the Secretariat recognizes that while much has been put into place, a great deal of work remains as regards establishing a revolving fund account, introducing seed capital operations, and designing systems for lending and eventually borrowing functions. The Secretariat therefore recommends that it build upon its existing structures and capacities in a phased approach as per article 8.7 of the Draft Guidelines as is replicated in box 1. It can be clearly ascertained that

- Phase 1 is but an experimental phase on REFA proposed to last for 4 years but the GC could extend it;

- The Secretariat cannot move to the second phase before it satisfies the Governing Council that the REFA experiments have been successful;

- That borrowing is deferred to phase 2 and beyond, and is only undertaken under the watchful eye of the Secretary General and the Governing Council.
Box 1: The Cautious Phased Approach as Recommended by the Executive Director
(Article 8.7 of the Draft Guidelines)

8.7 The Foundation will take a cautious and conservative approach to borrowing. This approach, will ensure compliance with the Foundation Financial Regulations particularly rules 302.1, 303.9, and 303.10. This approach is reflected in the following three phases:

i) Phase 1 (2007-2011): Lending from Voluntary Contributions: Initially, the Foundation will provide financing from reimbursable seed capital operations SOLELY from the capital it receives from such EARMARKED VOLUNTARY CONTRIBUTIONS and other sources. ONLY after having achieved a DEMONSTRATED track record of successful lending from its voluntary contributions will the Foundation undertake borrowing activities. The Lending Operations Review Committee (LORC) will provide recommendations on specific indicators and benchmarks that will be applied to evaluate the performance of the Foundation in reimbursable seed capital operations.

ii) Phase 2 (Next 5 years): Government and Institutional Borrowing: Having achieved the Phase 1 benchmarks, the Foundation may embark borrowing operations, within limits set by the Secretary General upon recommendation by the Executive Director, from Governments, governmental agencies and intergovernmental organizations, subject to Evaluation report to the 23rd GC session and provisions of financial rules 303.9 and 303.10. The LORC will provide recommendations on specific indicators and benchmarks that will be applied to evaluate the performance and institutional capacity of the Foundation for Phase 2 reimbursable seeding operations.

iii) Phase 3: Issuance of Debts: ONLY after having achieved Phase 2 benchmarks and a DEMONSTRATED track record of successful borrowing and lending will the Foundation undertake borrowing operations from the issuance of debt, such as bonds and other debt instruments. The Secretary General, in accordance with financial rules 308 and 310, and upon recommendation by the Executive Director, shall set the limit the Foundation will be authorized to issue its own debt instruments, either directly on its own or through eligible financial institutions in borrowing countries.

The Executive Director is also recommending that, if it so wishes, before borrowing is embarked upon, the GC, under its 2006 rules of procedure (rule 22 and 69), could consider to delegate its responsibilities and authority, with respect to the Foundation, in part or in whole, to a subsidiary body of the Governing Council established by it specifically for this purpose. This would result in creation of an Executive Board to run the Foundation borrowing and lending activities and relieve the current heavy burden on the Executive Director (see article 4.4 of the draft guidelines).

21. What are the risks associated with lending and how will UN-HABITAT mitigate these?

In principle, there are no risks associated with lending under the experimental, four-year phase 1 because the alternative is to give pure grants with the disadvantages they entail as elaborated under part 2 above. So under phase one, any recovery of funds is better than no recovery at all!
Beyond phase 2, the Draft Guidelines provide for the mitigation of risks associated with the Foundation’s lending and borrowing activities. Regarding loan loss, in the case of loans from voluntary contributions, risk may arise from default on loan repayment. This risk will be mitigated through the following measures: 
(a) risk analysis will be undertaken by the Foundation to identify the prospect of success and the level of commitment of beneficiary. The World Bank’s Country Policy and Institutional Assessment (CPIA), where appropriate, will be used to assess risk and appraise proposals; 
(b) Where feasible, the Foundation will ensure that the project is guaranteed by a local institution; 
(c) The Foundation, through its technical assistance activities will provide support to strengthen local partners and mitigate management risk; 
(d) In the case of direct loans made or participated in by the Foundation, the contract shall establish the terms and conditions for the loan, including those relating to security for the loan and payment of principal, interest and other charges, maturities, and dates of payment in respect of the loan, or the fees and other charges on the loan. (OPG Article 305.3.7); and 
(e) Loans will be maintained and audited based on the standard procedures of other lending institutions and with due regard to the UN audit procedures.

Regarding, currency risk, payments of principal, interest and other charges to the Foundation by the borrower under loan agreements shall be made in United States dollars or in other currencies acceptable to the Foundation at the United Nations operational rate of exchange in effect on the date payment is made. 

22. How best can UN-HABITAT in future mitigate risk associated with borrowing?

The repayment of borrowing, including the principal amount and any interest or other charges therein, shall be made only from the resources of the Foundation Loan Fund, and its reserve; no lender shall have any claim against UN-HABITAT, the United Nations, or any of their assets. Only the resources of the Foundation Loan Fund, as identified by the Executive Director, may be committed as security for the repayment of borrowings and charges thereon. This limitation of liability will be stipulated on all borrowing documents. In other words the Foundation is likely to incur borrowing from developmental lenders, willing to provide capital not so much to get it back or make profit but to make it available to an institution that has capacity to support innovative approaches and projects for pro-poor housing and urban infrastructure development, and the Habitat Agenda in general. 

The Foundation will only make loans with such terms that will allow it to obtain a reasonable spread between the cost of borrowing and lending. A loan fund reserve shall be established as provided for in the Financial Rules of the Foundation in order to secure those borrowings incurred and moneys lent by the Foundation. The loan fund reserve will underwrite all of the debt incurred by the Foundation.

The Lending Operations Review Committee (LORC) will help to implement a system of supervision that will ensure the use of loans for the purposes for which they were granted; and adherence by the borrowing institutions to the conditions stipulated in loans and guarantee agreements. The Under-Secretary-General for Management may authorize the writing-off of investment losses. A summary statement of investment losses, if any, shall be provided to the UN Board of Auditors within three months following the end of the financial period. Investment losses shall be borne by the fund, trust fund, reserve or special account from which the principal amounts were obtained (Rule 304.16).
23. **Does UN-HABITAT have the systems and internal capacity to fulfill the mandate of the Foundation?**

Since its transformation in 2001 to a programme of the United Nations, UN-HABITAT has endeavored to increase its capacity to fulfill the mandate of the Foundation through the establishment of SUF, WSTF, and the Human Settlements Financing Division. The Programme will undertake further efforts to increase its capacity as envisioned in the MTSIP. This will be carried out through the recruitment of additional staff members in the Division with expertise in financing (combining excellence in municipal, housing, investment, and community finance). Further, the Executive Director will approach international financial institutions and member States to consider seconding staff members to UN-HABITAT or recruiting professionals to work with the organization on short-term contracts. Importantly, and as envisioned in the phased approach recommended by the Executive Director, the Secretariat will also increase its capacity to control and monitor the reimbursable seeding operations by establishing an Advisory Board and a Loan Operations Review Committee comprised of representatives from international finance institutions and other professionals. In doing so the Executive Director shall seek to minimize overhead costs and attain a high standard of delivery through implementing partners and associates. The process by which UN-HABITAT builds internal capacity will also strengthen partnerships with financial actors, globally and locally.

24. **How will the Foundation be capitalized and why should donors contribute to REFA and associated costs for establishing and running it?**

As outlined in the Draft Guidelines, UN-HABITAT will call upon member States in a position to do so to make voluntary contributions to the Foundation. It will also approach private foundations and non-traditional donors. Funds secured from these sources will be used to initiate the reimbursable seeding operations. Starting in 2011 and pending the successful field-testing and assessment of its lending operations, UN-HABITAT and the Governing Council will consider appropriate ways to introduce borrowing operations. This will be undertaken initially by borrowing from international organizations and governments and after 2015, possibly through the application of debt instruments. It will all depend on whether the experiments work and a project pipeline emerges that warrants higher capitalization of the Foundation.

The Foundation offers a unique opportunity for member States to reduce urban poverty. Member States in a position to invest in the Foundation will be part of an important exercise in innovation and partnership, helping to set precedents from which other institutions can learn and build upon. Contributions to the Foundation will help local actors create new instruments for affordable housing and urban infrastructure. Member State voluntary contributions will enable local partners to combine grants for technical assistance with reimbursable seeding operations. This will at once strengthen relations among development and finance partners at country level, deepen capital markets, and mainstream urban poor organizations within the domestic financial service sector. Further, the Foundation offers a high return on investment. Voluntary contributions channeled through the Foundation for grant-based technical assistance and reimbursable seeding operations will leverage private capital, public investment and community savings. They will also attract larger investments of international financial institutions -- finance partners that will work hand-and-hand with UN-HABITAT, thereby learning about and building upon the work of the Foundation.
Bearing in mind paragraph 20 of the United Nations Millennium Declaration and paragraph 58 (e) of the 2005 World Summit Outcome by which the world’s leaders resolved to promote gender equality and the empowerment of women as effective ways of combating poverty, and of ensuring equal access of women to productive assets and resources, including land, credit and technology,

Mindful of the important role of partnerships in the Medium-term Strategic and Institutional Plan of the United Nations Human Settlements Programme and the contribution of the Huairou Commission, Slum Dwellers International and other women partners in mobilizing grassroots women’s organizations to participate actively in the work of the United Nations Human Settlements Programme and in gender mainstreaming,

Stressing the need for concerted action at all levels to attain the internationally agreed development goals and targets on water and sanitation, slum upgrading and slum prevention,

Emphasizing that women form the majority of the urban poor, especially those living in slums,

1. Requests the Executive Director, in implementing the Habitat Agenda, to promote access to finance by low-income women, either as individuals, in cooperatives or in other associated forms, as a major contribution to the overall implementation of the Habitat Agenda and to urban poverty reduction;

2. Also requests the Executive Director, in implementing the Habitat Agenda, to develop a gender action plan with gender-specific performance indicators to ensure concrete, measurable gains for the realization of gender equality and women’s empowerment;

3. Urges Governments and their development partners to support women’s land access trusts, housing cooperatives and other women’s organizations, including grassroots organizations, working on land, housing and housing finance to realize women’s access to land, housing, housing finance, and security of tenure;

4. Requests the Executive Director to report on the implementation of the present resolution in her progress report to the Governing Council at its twenty-second session.

Resolution 21/10: Strengthening the Habitat and Human Settlements Foundation: experimental financial mechanisms for pro-poor housing and infrastructure

The Governing Council,

Recalling General Assembly resolution 56/206 of 21 December 2001 in which the General Assembly, inter alia, encouraged the Executive Director of the United Nations Human Settlements Programme to strengthen the United Nations Habitat and Human Settlements Foundation in order to achieve its primary operative objective, as set out in General Assembly resolution 3327(XXXIX) of 16 December 1974,

Recalling also its own resolution 19/11 of 9 May 2003 in which it requested the Executive Director to continue to work with the World Bank Group, regional development banks, other development banks, the private sector and other relevant partners to field-test approaches through pilot projects, and its

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45 General Assembly resolution 60/1, 16 September 2005.
46 See Governing Council resolution 21/2, para. 1.
resolution 20/18 of 8 April 2005 in which it called upon the Executive Director to strengthen the Foundation's Slum Upgrading Facility,

Recalling further General Assembly resolution 61/206 of 18 December 2006 in which the General Assembly noted the Secretary-General's bulletin on the special annex for the United Nations Habitat and Human Settlements Foundation appended to the financial regulations and rules of the United Nations and requested the Governing Council to address, in a comprehensive manner, any issues relating to the United Nations Habitat and Human Settlements Foundation at its twenty-first session, bearing in mind the need to effectively mobilize resources for the Foundation,

Taking note of the Secretary-General's bulletin on the financial regulations and rules,

Recognizing its responsibilities to issue policy directives with a view to ensuring that the resources of the Foundation are utilized with maximum efficiency and effectiveness in pursuance of the Foundation's objectives,

Conscious of paragraph 56 (m) of the 2005 World Summit Outcome, which calls upon Member States of the United Nations to achieve significant improvement in the lives of at least 100 million slum-dwellers by 2020, recognizing the urgent need for the provision of increased resources for affordable housing and housing-related infrastructure, prioritizing slum prevention and slum upgrading, and to encourage support for the Foundation and its Slum Upgrading Facility,

Taking note of rule 305.3.5 of the special annex, on policy, system and procedures,

Taking note also of the note by the Executive Director on the United Nations Habitat and Human Settlements Foundation: a policy framework and draft operational procedures and guidelines,

I

1. Requests the Executive Director to continue the work of strengthening the Foundation so as to accelerate the provision of finance for the mobilization of seed capital, domestic and other financial resources for shelter and related infrastructure with due priority to the needs of low-income households;

2. Also requests the Executive Director to establish a trust fund within the Foundation to support the introduction of experimental reimbursable seeding operations as described in subparagraph 7 (d) (iv) of the present resolution, as well as other innovative financial mechanisms, building upon the experiences with instruments and partnership networks such as the Water and Sanitation Trust Fund and the Slum Upgrading Facility, for a four-year experimental period from 2007 to 2011, and further requests the Executive Director to submit for the consideration of the Committee of Permanent Representatives proposed operational procedures for such experimental activities, taking into consideration the relevant elements of the draft operational procedures and guidelines;

3. Decides that consideration of HSP/GC/21/5/Add.3 is subject to a thoughtful review of the final evaluation by the Governing Council at its twenty-third session, in 2011, of the experimental activities conducted in accordance with paragraph 7 (g) of the present resolution, and an analysis of

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49 General Assembly resolution 61/206, para. 1.
50 General Assembly resolution 60/1.
51 HSP/GC/21/5/Add.3.
52 Ibid.
required risk assessments, including resource implications of the proposed mechanisms in that document and other activities tested during the experimental period;

4. **Decides** that further extension of the implementation of other aspects of the financial regulations and rules shall be subject to consideration by the Governing Council of the United Nations Human Settlements Programme at its twenty-third session;

5. **Reiterates** the request by the General Assembly in paragraph 12 of its resolution 61/206 that UN-Habitat intensify coordination in the framework of the United Nations Development Assistance Framework and the common country assessment to continue to work with the World Bank, regional development banks, other development banks, regional organizations and other relevant partners to field-test innovative policies, practices and pilot projects in order to mobilize resources to increase the supply of affordable credit for slum upgrading and other pro-poor human settlements development in developing countries and in countries with economies in transition;

6. **Appeals** to all Governments to contribute to the Foundation to broaden its funding base and to increase substantially its non-earmarked financial resources to enable the United Nations Human Settlements Programme to implement its full mandate, including technical assistance to strengthen the Foundation;

II

7. **Requests** the Executive Director, for the purpose of the implementation of the trust fund, to build on the following:

(a) **Purpose:**

(i) To field-test experimental reimbursable seeding operations and other innovative operations for financing for the urban poor for housing, infrastructure and upgrading through community groups, including where there is an expectation of repayments mobilizing capital at the local level;

(ii) To strengthen the capacity of local financial and development actors to carry out those operations and to support the capacity of the United Nations Human Settlements Programme to enhance those operations;

(b) **Arrangements:**

(i) Establish a trust fund for the financing of the experimental reimbursable seeding operations and other innovative operations within the Foundation specifically for the implementation of the experimental activities;

(ii) Establish a steering and monitoring committee of 12 to 14 persons appointed in consultation with the Committee of Permanent Representatives. Representatives of Governments, international financial institutions, United Nations bodies, the private sector and major non-governmental organizations may be invited as participants;

(c) **Macro level:**

Work with existing international financial institutions, relevant United Nations bodies, other operators and relevant stakeholders, looking at preconditions for finance arrangements;

(d) **Methodology:**

(i) Partnership arrangements between national Governments, local authorities,
community groups and financial intermediaries with which there are agreements for term repayment to the trust fund;

(ii) The experimental activities are different from the current Slum Upgrading Facility and Water and Sanitation Trust Fund arrangements in that some of the activities of the former are reimbursable whereas the latter are only given as grants;

(iii) The experimental reimbursable seeding activities shall be extended through intermediaries but shall exclude borrowing, direct lending, guarantees or equity investments;

(iv) Having a working operations manual to describe the processes for different reimbursable seeding operations and other innovative finance mechanisms in consultation with the Committee of Permanent Representatives and the Steering and Monitoring Committee;

(v) Taking into account a balanced regional approach;

(c) Analysis:

(i) Look at options and different partnership arrangements, including with Governments, local authorities, international financial institutions, relevant United Nations bodies, the private sector and major non-governmental organizations;

(ii) Look at costs of operations, defaults, targeting, debt service, interest rates and currency exchange risk to assure proper risk management and to enhance local markets;

(f) Collaboration:

Collaboration, complementarity and partnership would be the key arrangements from the beginning;

(g) Evaluation:

External evaluations will be undertaken of the activities of the sector, including to evaluate progress on the implementation of the experimental reimbursable seeding operations and other innovative mechanisms and to assess alternatives for more effective implementation;

(h) Administration:

Separate necessary administrative and financial arrangements will govern the operations of the experimental activities of seed capital operations and other innovative mechanisms as described in the relevant regulations and rules of the Foundation;

(i) Continuity/steps forward:

At the end of the experimental activities, in 2011, an evaluation will be conducted which will guide any decision by the Governing Council at its twenty-third session on potential future applications of the experimental methodologies;

8. Also requests the Executive Director to report to the Governing Council at its twenty-second session on the implementation of the present resolution.

7th plenary meeting
20 April 2007
MEMORANDUM

To: CPR Bureau Members

From: Inga Björk-Klevby
Deputy Executive Director

Subject: Role and Responsibilities of the CPR

Reference:

Date: 27 November 2008

At the request of Mr. James Stewart, Deputy Permanent Representative of the USA, I hereby attach for your information and comments at the Bureau meeting today a brief note on the role and responsibilities of the CPR and attached its upcoming working group meetings before the Governing Council.

Thank you.
The Committee of Permanent Representatives (CPR)

1. CPR Terms of Reference

The Committee of Permanent Representatives (CPR) to the United Nations Human Settlements Programme, UN-HABITAT, serves as the inter-sessional subsidiary body of the Governing Council. Its overall mandate is strategic in nature as its role is to ensure that the Programme’s policies and activities take full account of the directions given by the Governing Council and other UN bodies and to advise the Secretariat of Member States’ views, comments, and suggestions between bi-annual Governing Council meetings. Its terms of reference are as follows:

1. To review and monitor, within the policy and budgetary framework provided by the Governing Council, the implementation of the work programme of UN-HABITAT as well as the implementation of decisions of the Governing Council;

2. To review the draft work programme and budget of UN-HABITAT during their preparations;

3. To prepare draft decisions and resolutions for consideration by the Governing Council based on inputs from the secretariat; and

4. To meet at least four times in a year with the participation of the Executive Director of UN-HABITAT.

Membership of the CPR comprises all Member states accredited to UN-HABITAT.

2. CPR Bureau Members

The Bureau of the CPR is composed of five members, representing the five regional groups of the United Nations who are elected on a rotational basis to serve two-year terms. The current composition of the Bureau for the biennium 2008-2009 is as follows:

Chairperson
H.E. Ms. Jacqueline Mendoza, (Venezuela) representing the Latin American and Caribbean Group

Vice-Chairpersons
H.E. Mr. Kéléber Nkomani, (Zimbabwe), representing the African Group
H.E. Mr. Igor Liška (Slovak Republic), representing the Eastern European Group
H.E. Mr. Iftikhar A. Arain, (Pakistan) representing the Asian Group

Rapporteur
Mr. James Stewart, (U.S.A) representing Western European and Others Group
3. **CPR Bureau Terms of Reference**

The Bureau of the CPR is the Executive Committee of the CPR members and acts as the link between the CPR and the UN-HABITAT Secretariat in:

a) Jointly planning the schedule of CPR and working group meetings

b) Consulting with CPR members, especially from the geographical area which each represents, on issues to be addressed in cooperation with the UN-HABITAT Secretariat

c) Preparing for the smooth and effective functioning of CPR and working group meetings by e.g. provision of a designated Chair for particular issues and holding pre Sub-Committee meetings with the Secretariat to identify potentially contentious issues

d) Providing information on up-coming issues of interest to CPR members and supporting a constructive relationship between CPR and the Secretariat

e) Supporting an effective information flow to and from the Regional CPR groups

The Bureau is comprised of a Chairperson, three Vice-Chairpersons, and a Rapporteur, each of whom has full standing in the Bureau. Each has a specific role:

a) The Chairperson chairs quarterly full CPR meetings, coordinates with the Secretariat to call and conduct Bureau meetings, works with the other members of the Bureau to assure that CPR sub-committees are formed and function effectively, and assures that meetings of such sub-committees are effectively led by the appropriate Bureau member.

b) The Vice-Chairpersons are responsible for assisting the Bureau Chairperson in conducting business at Bureau meetings, representing the views and opinions of their respective regional group, keeping such members informed of meetings and decisions, and acting a sub-committee Chairperson, as needed and determined by the Bureau.

c) The Rapporteur is responsible for reviewing quarterly full CPR meeting minutes produced by the Secretariat, assisting the Bureau Chairperson in conducting business at Bureau meetings, representing the views and opinions of his/her regional group, keeping such members informed of meetings and decisions, and acting as sub-committee Chairperson, as needed and determined by the Bureau.

4. **Working Groups of the CPR**

The CPR Bureau has established two working groups of the CPR to UN-HABITAT which sometimes meet jointly:

1. Working Group on Policy, Programme Budgetary and Administrative matters
2. Working Group on Preparations for World Urban Forum/Governing Council
Attachment

In the upcoming period to the Governing Council on 30 March – 3 April 2009 the issues to be addressed by the working groups are as follows:

a) Follow up of the Work Programme and Budget 2010-11 discussions with a particular focus on improving the documentation with regard to intermediate expected accomplishments and their relative prioritization. This will need two working group meetings before 20 January 2009.

b) MTSIP-Implementation which might require two meetings before the Governing Council.

c) Preparations for the Governing Council including the drafting and review of resolutions to be presented to the Governing Council. This will require 3-4 working group meetings before mid-February.

At the moment we are counting on the preparation of five resolutions:

1. Work Programme and Budget 2010-2011
2. Governance of UN-HABITAT
3. South-South Cooperation (as proposed by G77)
4. Access to Basic Services
5. Planning and preparation of WUF – Meetings

Decisions need to be taken on who will chair these meetings.
"Cities are magnets of hope" Erik Solheim, Minister of Norway

UN-HABITAT – the case for reform of its Governance Structure


A. Foreword

In 2007 the Governing Council of UN-HABITAT requested, by its Resolution 21/2, that the Executive Director consult with the Committee of Permanent Representatives on the need to review the efficiency and effectiveness of the governance structure of UN-HABITAT. The Executive Director asked me to make a study and present recommendations in December 2008. She will then present her recommendations to the next Governing Council in April 2009.

The terms of reference for the present study say inter alia: “The credibility of the Executive Director’s report requires that it be informed by independent opinion based on a review of the existing governance structure, extensive consultations with representatives of member states and a comparative analysis of other relevant governance systems, conducted by an experienced diplomat or senior civil servant having a long track record in dealing with multilateral affairs and systems, and of the United Nations Secretariat in particular.

This study has been carried out on a part time basis between September and December 2008. I have been given the opportunity to consult with a large number of persons involved with UN-HABITAT; members of the Governing Council and the UN as a whole, staff members and other interested partners. It has included representatives of other parts of the UN family. I have carried out interviews in Nairobi, Seville, Nanjing and New York. I want to thank you all for information, for advise and for taking your time.

I hope that those who read this report will agree with me that there is a strong case for reforming the governance structure of UN-HABITAT. If the Governing Council so decides a
process will be initiated to make this happen. It will take place in New York as well as in Nairobi and will have to be carried out by interested UN members.

B. The original vision of UN HABITAT

36 years have gone by since the idea of a UN organization dealing with human settlements was launched. At the UN Conference on the Environment in Stockholm a decision was taken to create UNEP to deal with the natural environment whereas UN-Habitat came into being somewhat later after an important conference in Vancouver 1976. The conference in Stockholm did not represent a broad breakthrough for environmental issues around the world, but recognized their trans-boundary character. It represented a first and important entry of environmental issues into the agenda of the UN. Dr. Maurice Strong played a key role in these achievements. His vision, shared with other stakeholders, was to create a UN body that would work with challenges related to human settlements and thereby provide a meeting place for national governments as well as for representatives of the local and regional levels of government plus other interested and concerned partners. The reason for this was that decision-making on many environmental challenges related to human settlements to a considerable extent rest with local authorities. Dealing with them would require active participation by all authorities concerned, that is national as well as local governments. Translating this vision into the new UN Body HABITAT therefore implicated an organizational novelty in the UN system and, given the organizational traditions of the UN, was to make governance of UN-HABITAT more complicated than in many other UN bodies. Its implication was meant to be a substantial role for the local level of member countries, including a role in decision making. In most other UN bodies members are represented by national government representatives. ILO is an exception given its tripartite governance structure (see appendix 3).

C. What happened to the vision?

Today we can note that the original vision was somewhat premature. Its time was to come much later. The general approach by governments to promoting development in the 1970ies was to try and focus on rural development. The World Bank under President Robert McNamara changed the focus of the World Bank from infrastructure to rural development. In the aftermath of the oil crisis of the 1970ies IFAD was created with the task of supporting rural development. FAO with its mandate of food and agriculture was already there since after World War II. These are just some examples. Urban issues never came into real focus
on the international agenda in those days. The idea must have been to make rural life more attractive and thereby retard the growth of cities – instead of approaching urban issues on their own merits at the international level. Cities were there, they were not supposed to grow quickly and whatever problems that may arise could be solved by technical innovations. There were other more urgent issues to address within the UN.

But reality soon proved different. Urbanization accelerated in a rapid and previously unexpected way. Nairobi, the home of UN-HABITAT, I can remember, was a quiet city of about 300,000 people around 1970. Today it has a population of several million inhabitants. Nobody can give exact numbers. Its infrastructure has not been able to match this increase, to express it in a diplomatic way. It is but one of many examples of present trends on all continents.

Dramatic increases of urban population growth have been recorded all around the world in recent years. And at present there seems to be nothing to stop this general trend. The various flagship publications of UN-HABITAT give ample proof of the fact that dramatic changes are underway in most parts of the world. From the present year a majority of the world’s population live in urban areas. 373 million people in Africa live in urban areas in 2008. The forecast is that by the year 2030 this figure will be 759 million – more than a 100% increase in 20 years.

Moving to urban areas represents a hope for millions of people to improve their living conditions. 30 years ago there was a greater hope, at least among decision-makers that living conditions in rural areas would bring better promises for the future and thereby retard the growth of cities.

30 years ago there was not a broad acceptance of the threats to the environment caused by human beings and their lifestyles. Over the years new and gradually more alarming reports have been published about the threats to our common survival caused by our own actions. The Brundtland Commission report “Our common future” was presented in 1987. The Intergovernmental Panel on Climate Change has published a number of alarming reports. A high level summit of the UN General Assembly last year in the presence of most Presidents and Prime Ministers was devoted to these issues with a call to the UN to act. More examples could be mentioned. The dangers of climate change are still not quite recognized by everybody concerned but they are about to become one of the major challenges for the present generation of mankind. Many of these threats relate to urban human settlement issues: water, waste management, transport, energy, building materials and last, but not least, slums. Climate change is caused by several of these factors.

A decisive meeting on Climate Change towards the end of the year will take place in Copenhagen. The various United Nations bodies will hopefully play a major role in dealing with its outcome and this threat to our common survival. There is a growing awareness of the problems but a slower recognition of the need to act, at local, regional, national and
international levels. How cities deal with the threats related to urbanization will have a
decisive impact for coming generations.

**Summing it up:** The idea and the vision of UN-HABITAT at its inception were more or less
overtaken by other concerns. Today the situation is radically different. Accelerating
urbanization causing environmental problems could and should present bigger tasks for UN
HABITAT than what we see today. Its mandate, combining normative as well as operational
work, is highly relevant as one part of the combined challenges facing the whole UN family
of organizations: water, sanitation, waste, building material, transport, slums etc.

**D. What happened to the organization UN-HABITAT?**

As we can see from appendix 1, which in brief gives some snapshots of the history of UN
HABITAT, its organizational structures and its governance, UN HABITAT has had to go
through a number of changes in character and in organization. This has mainly reflected an
ambivalence on the part of members as well as within the UN leadership about the role of
UN-HABITAT, the value of its mandate and its linkages to other UN bodies. At the root of this
must have been to what extent urban issues should take a prominent place within the family
of UN bodies, as has been described above. An example of this has been a more or less
constant discussion and, subsequently, various decisions on the relationship between UNEP
and UN HABITAT for the last 35 years.

The consequences of these two developments – the issues and the organization – have been
to make UN HABITAT a comparatively small organization, particularly taking into account its
global mandate. There is a great variety of expectations amongst individual members of the
Governing Council as to where UN-HABITAT should focus its work. Some see the normative
agenda as more important whereas others judge the performance in terms of projects in
the field more favourably. The organization has been struggling with issues of different
characters demanding varied types of knowledge and skills. It has not yet been able to build
a critical mass of knowledge in several of its work areas. Up until now UN HABITAT has
mainly been an agency for aid financed projects in developing countries dealing with a fairly
broad agenda of issues related to urbanization. The budget has gradually increased over the
present decade, but this increase has mainly consisted of ear-marked project and program
funding. The call for more work in the normative field has not quite been matched by
financing.

**E. What about the present governance structure?**

Part of the explanation for this rests with the structure of the organization, its ways of
financing and its governance structure. Briefly this can be explained in a few points:
- The original vision and the early expectations about its work have not yet been met. Its potential global mandate is not matched by capacity and resources. Moreover, its organizational structure has been subject to regular changes reflecting ambiguity among its partners over the years.

- The governance structure is very complicated. UN-HABITAT is actually subject to dual governance mechanisms. On the one hand it has a Governing Council which meets only every two years. In between there is the Committee of Permanent Representatives in Nairobi, which “shall serve as the Governing Council’s permanent intersessional subsidiary organ”. The Governing Council directs the work program by adopting resolutions, which is not the usual practice of decision-making in organizations conducting substantial operational work. There is confusion among some CPR members about its mandate and what is expected from them. Most CPR members conduct their assignments aside from their primary functions as embassies, often covering several countries in Eastern Africa. They circulate quite frequently resulting in lack of continuity. In most cases they have limited experience of issues related to urbanization. Priority is often given to more urgent issues related to Eastern Africa.

On the other hand UN HABITAT is formally part of the UN secretariat, whose headquarters are in New York. Attachment 1 (Governance structure of UN-HABITAT) gives a brief description of the parallel steps the Secretariat has to go through in various committees in New York in preparation of its work program and budget. In legal terms the Governing Council of UN-HABITAT therefore is a subsidiary organ to the decision makers in New York. In New York the knowledge and the awareness of the work of UN-HABITAT is very limited.

When you add to this complexity the various committees and working groups established in Nairobi on a permanent or ad hoc basis you will find a governance structure which very few people understand. Many CPR members cannot even find the time to learn and, in some cases, ask themselves whether it is useful or necessary to learn and understand how UN HABITAT is supposed to be governed. Naturally this situation creates many questions and quite a bit of confusion, not to talk about the amount of work this demands from the secretariat of a small UN body.

- Appendix 2 (The present funding of UN-HABITAT) gives a brief overview of the different components making up the budget. Just 7% comes from the regular budget of the UN, whereas non-earmarked voluntary contributions represent 18% of the budget. 75% of the budget consists of special purpose ear-marked contributions from individual donors. The Governing Council, which meets every second year, in 2007 established 7 different ambitious priority areas through a resolution but without a secured budget. Most of the resources required had to be found in the donor market.
This combination of a complicated and cumbersome governance structure with an uncertain availability of finance raises a number of serious questions. Who actually decides what? Accountability is a key word more often used these days. The demand for results-based budgeting is an expression of this. With the present financing and governance structures one can easily ask the question who is accountable to whom? Blurred responsibility unfortunately produces blurred accountability. What balance does the present structure create between rights and responsibilities? And what about transparency when so few people understand under what conditions UN-HABITAT operates? The ultimate aim regarding the functioning of UN-HABITAT, like in any organization, must be to build trust. Governance structures can help building trust but they can also make it more difficult.

F. Imperatives for a reformed governance structure

Having noted these shortcomings of the present governance structures we now come to formulating some imperatives for a reformed such structure. They can be expressed under 3 different headings:

1. **An understandable governance structure:** The mandate of UN-HABITAT is to combine normative and operational work, where the two types will reinforce each other. A dual system of governance, as is the situation at present, should be avoided. Coordination of the work of UN-HABITAT with other UN organizations should mainly take place through the regular channels of coordination used by other organizations in the UN family; for members through ECOSOC and the General Assembly and for the Secretariat through the Chief Executive Board and its subsidiary organs. This is how most other UN programs operate today and they see no reason to change that.

2. **A relevant governance structure:** Governance shall primarily be conducted by those in member countries who have a direct stake in the work of UN-HABITAT and have a self-interest in developing its agenda. In this report I have described an early ambivalence of the usefulness of some of the work conducted and to what extent its agenda deserved priority. Today this situation is about to change dramatically. Accelerating urbanization presents challenges of a magnitude never seen in the history of mankind. Its linkage to the overall environment problems and the threats of climate change will gradually create unprecedented demands on the capacity of the whole United Nations. An understanding and an acceptance of our global interdependence, of how environmental hazards in Nairobi or New York will affect the environment in Delhi or Stockholm is about to take place. This is a task for many UN organizations. The expectations are that in the next few years we will see a new global environmental agenda develop. Anew governance structure should facilitate
and make it possible for UN-HABITAT to play its role in this struggle for a decent survival.

Those concerned should be centrally placed in a reformed governance structure. This means representatives of national governments as well as those of local government combined with those who can provide the means to subsidize activities in developing countries. Today local government representatives take part in the work of UN-HABITAT in various advisory capacities and, to some extent, as members of individual delegations at Governing Council meetings once every second year. The great interest shown by governments at both national and local level in the World Urban Forum activities should be seen as one sign of their growing interest in really taking part and not just observe and advise. I was told that about 7000 people took part in the World Urban Forum 2008. The World Urban Forum can be seen as a concrete positive example of one of the visions of UN-HABITAT, namely to provide a meeting-place for all those interested in and concerned with issues of urbanization. The linkages between the World Urban Forum and the rest of the agenda of UN-HABITAT can be further strengthened. My recommendations are in line with this idea of further inclusion.

3. An accountable and transparent governance structure: It must be easy to identify who is responsible for what decisions. This is necessary in order to be able to draw the line between responsibilities between the governors and the managers. Moreover, operational work cannot easily be carried out supported by a governance structure primarily based on resolutions. Programs and projects must be properly formulated, budgeted, implemented and evaluated. This requires periodic work by both governors and managers. The governance structure should facilitate accountability and transparency.

G. Recommendations

Based on the findings in this report my advice will be the following:

1. The governance structure of UN-HABITAT should be reformed. The Governing Council meeting in 2009 is advised to make a decision to start a process leading to a new governance structure.

2. UN-HABITAT conducts normative as well as operational work. It should be better served by the introduction of an Executive Board. An Executive Board would provide a more comprehensive approach and take the full responsibility of its agenda. This does not preclude establishing working groups, expert committees etc. as the Board and/or the Secretariat will find appropriate. The Board should meet regularly, maybe 3 times/year, once in combination with an Annual meeting with all members.
Members of the Board are to be appointed by ECOSOC. Appendix 3 (Overview of Governance mechanisms of some entities within the UN Family) shows that several other UN bodies which combine normative and operational work are served by Executive Boards. Interviews with government as well as staff representatives involved in some of these organizations show that an Executive Board serves these organizations well. The same should apply to UN-HABITAT.

3. An Executive Board should of course have members from different regions as is the case in the present Governing Council. But it should also have representatives of government at national as well as local level. This combination would better serve the unique mandate of UN-HABITAT. There are several ways of achieving this. Local government can be part of the national delegation making up the membership of the Executive Board. Local government representatives could also be given a certain number of seats to be nominated by their own representatives. The tri-partite structure of ILO shows that the UN can operate with governance structures made up of different categories of stakeholders. The governance structure of some UN organs are based on constituencies, where a certain number of countries share a seat. This idea can also be considered.

On this point I have refrained from giving one specific recommendation. Further discussions among members will have to show what could be most appropriate for UN-HABITAT. My recommendation, whatever model is preferred, is that the Executive Board shall consist of members who are directly concerned with the issues listed above and have a self-interest in them combined with an acceptance of our global interdependence. This is to create an Executive Board of improved relevance and commitment. This can also provide an opportunity to broaden the funding base to include national as well as local governments.

4. In order to improve accountability and responsibility and to make governance more efficient my recommendation is that UN-Habitat will be governed by the Executive Board. The dual mechanisms prevailing today should be ceased. Informal discussions with representatives of the UN secretariat in New York have shown an understanding of the arguments and the reasons for this reform. In reality the procedures that UN-HABITAT has to go through in New York add very little to the substance of its agenda. Coordination mechanisms for governments as well as for organizations exist already in other forms as described above. A resulting loss of 7% of the funding base could and should be compensated by a broader and stronger commitment by those involved in the Executive Board, thereby making a stronger case for funding the budget.
Activities of the United Nations Human Settlements Programme

Report of the Executive Director

Addendum

Efficiency and effectiveness of the governance structure of the United Nations Human Settlements Programme: Note by the Executive Director

**Summary**

The United Nations Human Settlements Programme (UN-Habitat) and its governance structure have undergone piecemeal changes and reforms since their inception in 1978. The twenty-second session of the Governing Council provides an excellent opportunity to review the current governance structure that has evolved. Such a review should be seen as a contribution to United Nations reform. Such a review should also be undertaken in view of assessing whether current arrangements are adequate when examined against the principles of transparency, accountability, efficiency and effectiveness and whether they enable UN-Habitat to fully implement its medium-term strategic and institutional plan.
Introduction

1. In its resolution 21/2 of 20 April 2007 pertaining to the medium-term strategic and institutional plan for 2008–2013, the Governing Council requested the Executive Director, among other things, to consult the Committee of Permanent Representatives on the “need to review the efficiency and effectiveness of the governance structure of UN-Habitat”. In response to the above decision, the secretariat adopted a two-stage approach.

2. The first stage consisted of engaging a consultant with proven expertise and experience in United Nations governance reform to carry out an independent assessment. The consultant’s findings and report were shared with the Committee of Permanent Representatives in the course of formal and informal consultations.

3. The second stage consisted of preparing the present report, a draft of which was also shared and discussed during a meeting of the Committee of Permanent Representatives.

4. The present report has therefore been informed by consultations held both while the consultant was preparing the report and afterwards with a wide number of people and organizations involved with the work and governance structures of UN-Habitat. These include members of the Governing Council and the Committee of Permanent Representatives, the United Nations Secretariat in New York, staff members and Habitat Agenda partners. Meetings were also held with United Nations agencies, funds and programmes that are mandated to carry out both normative and operational activities, including the United Nations Development Programme, the United Nations Children’s Fund, the International Fund for Agricultural Development (IFAD) and the United Nations Population Fund (UNFPA).

5. The main outcome of these consultations can be summarized as follows:

   (a) There is general agreement between member States and other partners on the timeliness and usefulness of a review of the effectiveness and efficiency of the current governance structure of UN-Habitat in the context of the system-wide United Nations reform effort that is under way;

   (b) Such a review is also perceived as a logical follow-up to and extension of the adoption and implementation of the UN-Habitat medium-term strategic and institutional plan for 2008–2013;

   (c) There is also a general agreement between member States that any decision to alter the UN-Habitat governance structure would need to be informed by a more comprehensive analysis than has been carried out to date of the implications of such a change. Any such analysis would need to include an evaluation of various options.

6. In the light of the above, the present report is intended to improve the understanding of the issues that are raised by the prospect of changing the UN-Habitat governance structure. It does so by looking at the following aspects of the UN-Habitat work and governance structure:

   (a) The original vision that led to the establishment of UN-Habitat in 1976, the main thrust of its work during its first decade and its governance structure;

   (b) Changes in the mandate and governance structure of UN-Habitat resulting from, among other things, the adoption of the Habitat Agenda and the Millennium Development Goals, the establishment of the United Nations Office at Nairobi and the elevation of the status of UN-Habitat to that of a United Nations programme;

   (c) Issues of efficiency and effectiveness that have emerged more clearly since the adoption of the UN-Habitat medium-term strategic and institutional plan for 2008–2013 and the early stages of its implementation;

   (d) Issues arising from a better understanding of the trends in and linkages between urbanization generally, the urbanization of poverty and climate change.

I. Original vision of UN-Habitat

7. The original vision of UN-Habitat was shaped by two landmarks. The first was the United Nations Conference on the Human Environment, held in Stockholm in 1972. This conference resulted in a recognition of the multiple facets of sustainability and the need to tackle three particular challenges:

   (a) Protecting and conserving the natural environment, which led to the creation of the United Nations Environment Programme (UNEP);
Reducing the harmful impact of human activity, and of human settlements in particular, on the environment, which led to a call for a global conference on human settlements;

Based on the realization that poverty is a major contributing factor to environmental degradation, instituting more equitable forms of development, particularly through the financing of housing and basic urban infrastructure and services, which led to the creation of the United Nations Habitat and Human Settlements Foundation (UNHHSF), which was initially housed within UNEP.

8. The second landmark was the United Nations Conference on Human Settlements, held in Vancouver, Canada, in 1976. The Conference participants recommended the creation of a United Nations body that would serve as a forum for representatives of national and subnational spheres of government to exchange ideas and solutions on how to meet emerging challenges related to human settlements.

9. The call from the Vancouver conference resulted in the establishment of the United Nations Centre for Human Settlements (UNCHS (Habitat)), by United Nations General Assembly resolution 32/162 (III) of 19 December 1977, the creation of the Commission on Human Settlements as its governing body and the subsequent transfer of UNHHSF from UNEP to UNCHS (Habitat).

10. The Commission on Human Settlements comprised 58 member States serving on a four-year rotational basis. It met for two weeks every year and reported to the General Assembly through the United Nations Economic and Social Council.

11. Delegated authority was vested in the Executive Director of UNCHS (Habitat) for programmatics, operational, financial and administrative functions, subject to compliance with United Nations Secretariat rules, regulations and reporting obligations.

12. The original vision of the Commission on Human Settlements proved to be somewhat premature: its realization as a forum involving all spheres of government was to come much later.

13. For the first decade of its existence, and despite having architecture similar to that of most United Nations programmes and funds, UNCHS (Habitat) would remain a small technical agency serving primarily as an executing arm of the United Nations Development Programme (UNDP). Its normative and advocacy work reflected this technical role and focused for many years on issues of planning, appropriate building and construction technologies and community participation. Although the Centre was already working on urbanization trends and issues, those matters barely registered on the agendas of international forums; the attention of policymakers from developing and donor countries was clearly focused on rural development and poverty as a rural phenomenon.

II. Habitat II conference, the Habitat Agenda and Istanbul +5

14. By the late 1980s it had become apparent to most human settlements professionals and to the staff of UNCHS (Habitat) that many of the assumptions that informed national human settlements policies and practices were debatable at best. These assumptions included the largely held views:

(a) That urbanization could be arrested and eventually reversed by investing in and giving priority to rural development;

(b) That the formal economy would gradually absorb the informal economy, including its physical manifestation in the form of slums;

(c) That the urban poor, by virtue of their proximity to infrastructure and services, were better off than their rural counterparts.

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1 UNCHS (Habitat) was initially formed by merging the Centre for Housing, Building and Planning of the Department of Economic and Social Affairs, an audio-visual library and distribution network established at the 1976 Conference known as “Vision Habitat”, the Habitat and Human Settlements Foundation and the human settlements officers from the then Department of Technical Cooperation for Development.

2 UNCHS (Habitat) was established with three substantive divisions devoted to research and development, information and audio-visual dissemination and technical cooperation. A fourth division was dedicated to administration and was responsible for human resources, finance and contracts and procurement.

3 UNDP, at the time, was the principal source of funding for country-level activities for the United Nations system.

16. While neither campaign resulted in substantial changes to the mandate or the governance structure of UNCHS (Habitat), they paved the way for a concerted urban research and advocacy agenda involving UNCHS (Habitat), UNDP and the World Bank. 4

17. The outcome of these and other efforts led the Commission on Human Settlements to recommend to the General Assembly in 1991 the convening of the second United Nations Conference on Human Settlements (Habitat II), which was held in Istanbul, Turkey, in 1996.

18. The adoption of the Habitat Agenda at Istanbul paved the way for a series of changes to both the mandate of UNCHS (Habitat) and to its governance structure. The agency was henceforth charged with an explicit normative role and mandate to monitor progress in the implementation of the Habitat Agenda and to play a lead role in system-wide support and coordination.

**Habitat II - Changing the rules of global conferences**

An important precedent was established at Habitat II. Inspired by the tripartite membership of the governing body of the International Labour Organization (ILO), the secretariat urged member States to suspend one of the rules governing United Nations summits and conferences by allowing the convening of a third committee devoted to dialogue with local authorities and civil society organizations. This contributed significantly to a sense of ownership of the Habitat Agenda by non-state actors and would eventually contribute to changes in the rules and procedures of the governing body of UNCHS (Habitat).

19. While the Habitat II Conference and its political outcome were undeniable successes, UNCHS (Habitat) was in a state of financial distress. This led to the first attempt at institutional reform, which was completed in 1999.

20. Part of this reform was devoted to strengthening the capacity of UNCHS (Habitat) to fulfill its normative mandate. This was done by creating two divisions, one devoted to global advocacy and the other to regional and country-level technical cooperation. A third entity was to provide the evidence base for normative activities and deal with cross-cutting issues.

21. Another separate element of the reform included the transfer of key administrative functions and staff from UNCHS (Habitat) and UNEP to a new entity known as the United Nations Office at Nairobi.

**A case of hidden transaction costs**

The logic for merging the administrative services of UNEP and UNCHS (Habitat), both headquartered in Nairobi, is compelling. Nonetheless, the anticipated gains in efficiency and cost savings for UN-Habitat are yet to be fully realized largely due to rules and procedures within which it must operate but over which neither it nor the United Nations Office at Nairobi has control. For example, shortly after the creation of the United Nations Office at Nairobi, UNCHS (Habitat) was called upon to assist in recovery and reconstruction activities in Iraq. Demand for UNCHS (Habitat) services there expanded rapidly and resulted in a project budget in excess of $600 million, with annual disbursements reaching up to $100 million. The range of products and services to be delivered far exceeded the capacity of the newly created United Nations Office at Nairobi. UNCHS (Habitat) was obliged to assign dedicated staff to assist the United Nations Office at Nairobi in responding to the technical demands of reconstruction and the logistical constraints of operating in post-conflict environments. While progress has been made, there remains a fundamental mismatch between the rules, regulations and procedures governing both the United Nations Office at Nairobi and UNCHS (Habitat) and the responsiveness expected of an operational agency. This mismatch adds considerably to transaction costs and adds an additional layer of bureaucracy.

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4 The Urban Management Programme was a joint undertaking by UNCHS (Habitat), UNDP and the World Bank to provide evidence-based arguments for Governments and the international community about the need to respond to the growing challenges of urbanization and urban poverty.
22. At the same time, a series of changes were gradually introduced to the composition, procedures and frequency of meetings of the Commission on Human Settlements. Chief among these changes were:

(a) Reduction of the duration of meetings from two weeks to eight days in 1989, and subsequently to five days in 2001;

(b) Adoption by the Governing Council at its twentieth session, in 2005, of rule 64 of the rules of procedure governing meetings of the Governing Council, which recognized the role and contribution of local authorities in the implementation of the Habitat Agenda and enabled the formal participation of local authorities in the deliberations of the Governing Council without the right to vote.

Parallel reforms of other funds and programmes

23. Alongside these incremental changes to the mandate and the governance structure of UN-Habitat, other far-reaching transformations were occurring within key United Nations programmes and funds. Changes to the governance structures of UNDP, the United Nations Children’s Fund (UNICEF) and UNFPA followed in rapid succession, leaving UNEP and later UN-Habitat as the only remaining programmes with governing bodies that were responsible for oversight but obliged to report to New York on administrative and budgetary matters.

24. Another change, one that would profoundly affect UNCHS (Habitat), was the transformation of UNDP from a long-standing partner and source of funding for country-level activities to an advocacy and operational programme in its own right. This change affected the ability of UN-Habitat, as a United Nations entity that did not have a presence on the ground in the countries where it operated, to advocate and support the implementation of the Habitat Agenda at the country level. This eventually led UN-Habitat to negotiate with UNDP for the establishment of Habitat programme managers in selected countries. While the presence of the Habitat programme managers proved to be critical in enabling UN-Habitat to fulfill its mandate to mainstream the Habitat Agenda and to participate in six of the eight “Delivering as one” initiative pilot projects in 2008, the idea met considerable resistance at its inception.

25. Table 1 provides an overview of the governance structure of various United Nations agencies, programmes and funds. Those that have been subjected to recent changes in their respective governance structures, such as UNDP, UNICEF, UNFPA and IFAD, share a common trait, namely, a governing body that has both oversight and decision-making powers and typically meets three times a year.

Istanbul +5, Programme Status, Governing Council and CPR

26. The special session of the General Assembly in 2001 devoted to the review of progress in the implementation of the Habitat Agenda marked an important turning point for UNCHS (Habitat) and its governance structure. The review re-emphasized the challenges associated with rapid and chaotic urbanisation and the risk these challenges posed to the attainment of the recently adopted Millennium Development Goals. The review also identified UNCHS (Habitat) as the lead agency for ensuring the follow-up to and the monitoring of the Habitat Agenda.5

27. The regular session of the General Assembly the same year decided, in resolution 56/206, to elevate the status of UNCHS (Habitat) to a fully-fledged programme (henceforth designated as UN-Habitat). It also decided to convert the Commission on Human Settlements into a Governing Council and to designate the Committee of Permanent Representatives in Nairobi as its interational subsidiary body to monitor progress in the implementation of agency’s work programme and budget. Lastly, the General Assembly called for, and continued to call for, the strengthening of UN-Habitat to enable it to fulfill its normative and operational mandate.

28. The Governing Council for UN-Habitat subsequently adapted its rules and procedures and, following the example of the Governing Council for UNEP, decided to meet on a biennial basis.

29. These and other changes strengthened the organization and restored its capacity to carry out its advocacy role, while maintaining its technical and operational vocation.

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5 The Habitat Agenda and subsequent General Assembly resolutions recognized UNCHS (Habitat) as “a”, as opposed to “the” lead agency for ensuring and monitoring follow-up to the Habitat Agenda.
III. Implementation of the medium-term strategic and institutional plan for 2008–2013

30. The period 2001–2004 witnessed rapid growth in the staff, activities and budget of UN-Habitat. The findings of an in-depth programmatic review conducted by the Office of Internal Oversight Services in 2004 led the Governing Council, at its twenty-first session in 2005, to ask UN-Habitat to prepare a comprehensive medium-term strategic and institutional plan for the period 2008–2013. The intent was clearly to bring UN-Habitat into the fold of United Nations system-wide reform.

31. The key objectives of the strategic and institutional plan were:

(a) To sharpen the focus of the work of UN-Habitat;

(b) To strengthen programme alignment and coherence, especially between normative and operational activities;

(c) To apply results-based management to enhance value for money, transparency and accountability;

(d) To reposition UN-Habitat as a true catalyst, especially with regard to pre-investment capacity-building in support of the implementation of the Habitat Agenda and the attainment of the human-settlements-related Millennium Development Goals at the country level;

(e) To enable UN-Habitat to participate actively in United Nations reform and in the “Delivering as one” initiative.

32. The strategic and institutional plan was approved by the Governing Council at its twenty-first session, in 2007. In resolution 21/2 the Council requested the secretariat, among other things, to prepare an action plan for the implementation of the strategic and institutional plan and to prepare the present report.

33. In the course of implementation of the plan several issues have come to the fore. These include:

(a) Conceptual and methodological difficulties in reconciling the medium- to long-term results-based approach of the medium-term strategic and institutional plan with the much shorter-term output-oriented approach required by the Secretariat in New York. This was particularly the case with the preparation of the 2010–2011 work programme. These difficulties are still not completely resolved and constitute a source of frustration for members of the Committee of Permanent Representatives and the secretariat;

(b) The complex effort required in complying with different reporting mechanisms and accountability frameworks. These include, among others, annual reporting to the Economic and Social Council and the General Assembly focusing on the use of regular budget resources, quarterly reporting to the Committee of Permanent Representatives focusing on non-earmarked extra-budgetary resources, semi-annual reporting to the Office of the Controller on technical cooperation projects and periodic reporting to various ad hoc committees for specialized programmes, projects and trust funds;

(c) Difficulties in entering into joint venture, cost-sharing and co-financing arrangements with partners, especially those from the private and civil society sectors, owing to legal requirements and contracting procedures emanating from the United Nations Secretariat. These requirements and procedures were not designed or intended for use by agencies that have an operational mandate. This fundamental incompatibility becomes very apparent in one of the key areas and priorities of the work of UN-Habitat – that of leveraging its policy advisory services and capacity-building support with in kind contributions from urban poor communities, investment capital from international, regional and domestic financial institutions and budgetary allocations from national or subnational spheres of government to improve the living conditions of the poor.

34. Another issue which arose relates to the experience of UN-Habitat with the United Nations “Delivering as one” initiative pilot projects. It became rapidly apparent in the course of working with United Nations country teams and the United Nations Development Assistance Framework process that participating in the “one United Nations” framework at the country level required a degree of flexibility in decision-making and resource allocation that is not foreseen in the current set-up for programmes that are part of the Secretariat.

35. Table 1 provides an overview of the governance structures of other United Nations agencies, programmes and funds. What can be observed from this table is that those agencies, programmes and funds that have reformed their governance structures within the past decade share one thing in common,
namely, that the entity charged with oversight is also the entity that is empowered to take decisions on strategic, institutional and budgetary matters.

36. Annex I to the present report gives a brief picture of the UN-Habitat current governance structure. It reflects a degree of ambiguity about the role of UN-Habitat, its mandate and its working relationships with partners and United Nations bodies. This ambiguity stems from the evolution of the mandate of UN-Habitat from that of a primarily technical advice and operational centre at its inception to a programme that sees its comparative advantage in being able to combine its normative and operational expertise into an effective, interlocking urban development framework that has appeal to policy makers and practitioners alike.

37. Annex II to the present report gives an overall view of the funding situation of UN-Habitat. While the overall situation has improved significantly over the past six years, there is a growing imbalance between earmarked and non-earmarked funding. The donor base for non-earmarked contributions is extremely narrow, with over 90 per cent of core voluntary contributions coming from just 10 donors. This situation both reflects and reinforces the ambiguity that underlies the governance of UN-Habitat. While the top 10 donors to UN-Habitat continuously stress the importance of its normative role the bulk of their contributions are earmarked for special programmes or operational activities.

38. As is true for many other United Nations entities, the imbalance between the UN-Habitat earmarked and core funding reduces its ability to act strategically.

IV. Emerging issues

39. Three issues have emerged in the recent past that are having and will continue to have a profound impact on human development. These are:

(a) Rapid and chaotic urbanization, including the urbanization of poverty;
(b) Increasing volatility in the prices of food, energy and water;
(c) Climate change.

40. While these issues are being tackled by various entities within the United Nations system, they are very closely linked and will become more so over time. Their point of convergence is, without a doubt, the city. The recent food and fuel crisis and extreme weather patterns caused by global warming are rooted in poorly planned and managed urbanization. As cities in developed and developing countries alike continue to expand horizontally, they consume more land, water and energy and generate more waste, including greenhouse gas emissions. At the same time, as the world becomes predominantly urban, the ability of cities to adapt to the effects of climate change will become ever more critical in ensuring human safety and security.

41. Thus in an urban world the distinction between mitigation and adaptation becomes theoretical. In practical terms, both require more rational land use, better infrastructure and services, more resilient construction and responsive governance systems.

42. While the effects of climate change are indiscriminately global, the solutions for mitigation and adaptation will necessarily be local. Each city, indeed each community, will need to come up with original solutions that cater to its particular social, economic and geographic circumstances.

43. This scenario calls for an unprecedented effort in the sharing of knowledge, methods, technologies and lessons learned. It calls for an unprecedented scale and intensity of dialogue between a wide range of actors and stakeholders. It will equally require unprecedented levels of coordination between institutions at the global, regional, national and local levels.

44. A key question is whether the United Nations system is prepared to fulfil its role in supporting these efforts and how different entities within the system, including UN-Habitat, can best be strengthened strategically to contribute to the effort required.
V. Overview of advantages and disadvantages of the current governance structure

45. Despite all the problems and issues described above there are also advantages to the current governance structure. These include the following:

(a) As part of the Secretariat in New York, UN-Habitat receives a contribution from the United Nations regular budget. While this represents less than 10 per cent of the total budget of UN-Habitat it remains a significant source of funding for core staff;

(b) UN-Habitat enjoys frequent interaction with member States through meetings between the secretariat and the Committee of Permanent Representatives, especially with regard to the preparation and implementation of the work programme. Typically, more than 70 working group meetings take place in the period between sessions of the Governing Council;

(c) The quarterly regular sessions of the Committee of Permanent Representatives encourage a disciplined approach on the secretariat when it comes to reporting on matters such as budget and finance;

(d) Member States have easy access to the Executive Director and to senior management of UN-Habitat;

(e) Informal meetings, consultations and exchanges between members of the Committee of Permanent Representatives and the staff of UN-Habitat can be readily arranged;

(f) The Committee of Permanent Representatives, not being a decision-making body, enjoys a considerable degree of freedom to provide advice and to engage in the exchange of ideas on behalf of member States.

46. These advantages, however, must be carefully weighed against the disadvantages listed below, some of which have already been mentioned:

(a) There is a tendency for members of the Committee of Permanent Representatives to slip from oversight into micromanagement;

(b) There is a tendency to hold many meetings, which places high demands on secretariat resources;

(c) UN-Habitat must cope with multiple and complex reporting lines to the Committee of Permanent Representatives, the Governing Council, United Nations Headquarters, the Economic and Social Council and the General Assembly. This situation does not favour accountability and transparency;

(d) Despite the existence of these multiple reporting lines there is very limited feedback on strategic and substantive issues;

(e) Issues that involve the United Nations Office at Nairobi, which in some cases affect programme delivery, efficiency and cost-effectiveness, tend to fall between the cracks as the latter is not subject to oversight by the Committee of Permanent Representatives or the Governing Council;

(f) The UN-Habitat decision-making cycle on issues that have institutional implications is slow and cumbersome. Recommendations emanating from the Committee of Permanent Representatives are made to the Governing Council which in turn makes its own recommendations to the General Assembly for final approval;

(g) There is a tendency to politicize technical issues;

(h) UN-Habitat is burdened by inappropriate and outdated rules and regulations that inhibit it from matching the timeliness and delivery of other agencies, programmes and funds at the country level.
VI. Concluding observations

47. Both UN-Habitat and its governing body have undergone incremental changes aimed at improving efficiency and effectiveness. In terms of efficiency, one proxy indicator is the duration and frequency of the Governing Council meetings, which have been reduced from two weeks every year to five days every two years. This gain in efficiency, however, raises other issues that are considered below. In terms of effectiveness, rule 64 giving local authorities a voice in the deliberations of the Governing Council can be viewed as a significant change.

48. What is lacking, however, is a more comprehensive approach. For the secretariat, a key issue lies in the complexity and fragmented nature of the governance mechanism. The Governing Council meets once every two years for one week and governs essentially through resolutions, a decision-making mode more suitable to legislative organs than for a programme that has sizeable operational activities.

49. The UN-Habitat member States are represented primarily by personnel from ministries of housing, while many of the issues that are being discussed fall under the purview of ministries responsible for local government and, increasingly, finance.

50. The decisions of the Governing Council are subject to review by United Nations organs in New York. This makes the Governing Council a subsidiary institution and results in another governance layer. The Governing Council’s meetings, occurring once every two years, are not frequent enough to enable it to provide the strategic direction and guidance that UN-Habitat needs if it is to respond effectively to new issues and challenges.

51. The Committee of Permanent Representatives, the intersessional subsidiary organ of the Governing Council, is in essence an open-ended advisory body and lacks the authority to make substantive decisions. Operating as one of several oversight mechanisms, it focuses almost exclusively on the normative aspects of UN-Habitat work and pays little or no attention to operational activities.

52. The secretariat itself, being relatively small with unpredictable funding, spends a disproportionate amount of its staff resources in reporting to these various oversight mechanisms.

53. In summary, UN-Habitat is being governed by a complicated, duplicative and blurred system that is not conducive to enhancing its efficiency or effectiveness. Within the context of the “Delivering as One” initiative, it is at a distinct disadvantage as it strives to work with other United Nations Development Group organs such as UNDP.

54. The shortcomings and constraints identified in the present governance structure of UN-Habitat point to some criteria that should be met to improve efficiency and effectiveness. These can be summarized as follows:

(a) Structure that is easily understandable, with a shorter intersessional interval to enhance hands-on guidance and direction of the UN-Habitat normative and operational mandate;

(b) Structure that is relevant to the issues and challenges ahead and makes provision for the involvement of a wider range of stakeholders with a direct interest in and commitment to urban issues;

(c) Decision-making process that relies less on resolutions and more on substantive feedback on the issues at hand;

(d) Structure that is capable of empowering UN-Habitat to adopt operational and financial rules and procedures that are compatible with those of other funds and agencies that are charged with both normative and operational mandates; i.e., rules and procedures that do not place UN-Habitat at a distinct disadvantage in participating in the United Nations development assistance framework and “Delivering as one” initiative processes;

(e) Structure that can look at the implications of UN-Habitat acting as a true catalyst in its relationships with partners in Governments both at the national and subnational level, not to mention in civil society and the private sector, and take decisions regarding the governance of these partnerships accordingly. This will increasingly become an issue as partnerships are developed and deepened with regional and domestic financial institutions, the private sector and urban service providers.

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6 For the moment, all partnership agreements with financial implications are subject to strict guidelines from New York that are not designed for joint ventures, the sharing of risk or the leveraging of resources involving multiple partners and stakeholders.
55. In conclusion, the Governing Council may wish to recommend that a comprehensive review of the governance structure of UN-Habitat be undertaken, including:

(a) Objective assessment of the strengths and weaknesses of the current governance structures that affect programme delivery, efficiency and accountability, including those aspects that are common to UN-Habitat and UNEP;

(b) Detailed review of options for improving the efficiency and effectiveness of the governance structures of UN-Habitat, including those that are applied to other funds and programmes.
Table 1
Governance structure of other United Nations agencies, programmes and funds

<table>
<thead>
<tr>
<th>Entity</th>
<th>Location/report to</th>
<th>Governing body/bodies</th>
<th>Governing body membership</th>
<th>Length of term of members of governing body</th>
<th>Governing body meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDP</td>
<td>General Assembly &amp; Economic and Social Council</td>
<td>Executive Board</td>
<td>36 member States</td>
<td>3 years (except for members from the Western European and others group of States)</td>
<td>2 regular sessions per year</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 annual session per year</td>
<td>1 annual session per year</td>
</tr>
<tr>
<td>UNICEF</td>
<td>General Assembly &amp; Economic and Social Council</td>
<td>Executive Board</td>
<td>36 member States</td>
<td>3 years</td>
<td>2 regular sessions per year</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 annual session per year</td>
<td>1 annual session per year</td>
</tr>
<tr>
<td>United Nations High Commissioner for Refugees</td>
<td>General Assembly</td>
<td>Executive Committee</td>
<td>76 member States</td>
<td>Indefinite</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Standing Committee</td>
<td></td>
<td>Several times per year (between plenary sessions)</td>
<td></td>
</tr>
<tr>
<td>Office of High Commissioner for Human Rights and Human Rights Council</td>
<td>Secretariat General Assembly</td>
<td>N/A</td>
<td>N/A</td>
<td>47 member States</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3 years (not eligible for re-election after two consecutive terms)</td>
<td>At least 3 times per year</td>
</tr>
<tr>
<td>IFAD</td>
<td>Specialized agency within the Economic and Social Council</td>
<td>Governing Council</td>
<td>164 member States</td>
<td>Indefinite</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Executive Board</td>
<td>18 members + 18 alternate members</td>
<td>3-year term</td>
<td>3 times per year</td>
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<tr>
<td>WFP</td>
<td>Economic and Social Council and the Council of the Food and Agriculture Organization of the United Nations</td>
<td>Executive Board</td>
<td>36 member States (18 members elected by Economic and Social Council + 18 elected by FAO)</td>
<td>3-year term (eligible for re-election)</td>
<td>3 times per year</td>
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<tr>
<td>ILO</td>
<td>Economic and Social Council</td>
<td>Governing Body</td>
<td>56 titular Members (Governments, employers, workers)</td>
<td>3 years</td>
<td>2 times per year (full session)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>66 deputy members</td>
<td></td>
<td>1 time per year (shorter one day session)</td>
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<tr>
<td>WHO</td>
<td>Economic and Social Council</td>
<td>World Health Assembly</td>
<td>193 member States</td>
<td>Indefinite</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Executive Board</td>
<td>34 member States</td>
<td>3 years</td>
<td>2 times per year (full session &amp; shorter session)</td>
</tr>
</tbody>
</table>
Governance structure of UN-Habitat

A. Introduction

1. The purpose of the present annex is to provide a synopsis of the current governance structure of UN-Habitat. It describes the various instances and structures of decision making. It is accompanied by a brief historical overview of highlights in the evolution of the governance structure of UN-Habitat.

B. Brief historical overview


1977: The United Nations Centre for Human Settlements (UNCHS (Habitat)) is established by United Nations General Assembly resolution 32/162. The resolution designates the Commission on Human Settlements, a functional commission of the United Nations Economic and Social Council, as the governing body.

1978: The first meeting of the Commission on Human Settlements, comprising 58 member States rotating on a three-year basis and reporting to the General Assembly through the Economic and Social Council, takes place.

1978–1989: The Commission on Human Settlements meets every year for 10 working days to approve the work programme and budget and to decide on the focus of theme papers to be prepared by the secretariat for the following year. The Commission decides in 1989 to meet on a biennial basis to provide more intersessional time for the secretariat to produce substantive outputs. Most meetings are hosted outside Nairobi.

1991–1999: The Commission on Human Settlements gradually reduces the duration of its sessions to five working days. Time for dialogue and debate on human settlements issues is drastically reduced. All meetings are held in Nairobi.

1996: The Habitat II Conference takes place, resulting in a new normative mandate for UNCHS-(Habitat), requiring it to support and monitor the implementation of the Habitat Agenda adopted at the Conference and approved by the United Nations General Assembly.

2001: Istanbul+5, a special session of the General Assembly on implementing the Habitat Agenda, leads to a decision by the Assembly to elevate UNCHS (Habitat) to programme status, transform the Commission on Human Settlements into a Governing Council and to establish the Committee of Permanent Representatives in Nairobi as a formal intersessional body of the Governing Council. Other important decisions in General Assembly resolutions 56/205 and 56/206 include strengthening the normative role of UN-Habitat, designating UN-Habitat as the focal point within the United Nations system for human settlements and establishing the World Urban Forum to foster dialogue and debate on human settlements issues.

2003: New rules of procedure for the Governing Council are adopted; a non-voting seat is allocated to local authorities.

C. Decision-making and advisory structures for the biennial work programme and budget

2. For ease of understanding, the decision-making and advisory structures of UN-Habitat are described here in the context of the process for the approval of the biennial work programme and budget – the primary responsibility of the Governing Council of UN-Habitat.

   • Step 1: Two years before the biennial work programme is presented to the Governing Council for its approval, the secretariat prepares a strategic framework for two years. This strategic framework is discussed with the Committee of Permanent Representatives and is submitted by the secretariat to the intergovernmental Committee for Programme Coordination for its approval.
• **Step 2**: One year before the work programme is presented to the Governing Council for its approval, the secretariat prepares a biennial work programme and budget based on the approved strategic framework. This document is presented to and discussed with the Committee of Permanent Representatives and is submitted approximately five months before the Governing Council to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) through the United Nations Budget Office for its advice and to the United Nations Committee for Programme and Coordination for its review.

• **Step 3**: Based on feedback received from the Advisory Committee on Administrative and Budgetary Questions, the secretariat prepares the work programme and Budget for submission to and approval by the Governing Council. While the budget is comprehensive, the Governing Council has authority over non-earmarked extrabudgetary resources, representing approximately 10 per cent of the total budget.

• **Step 4**: The secretariat submits the approved work programme and budget to the Committee for Programme and Coordination and the Budget Office. Both are incorporated into the work programme and budget for the entire United Nations and submitted to the General Assembly for approval. The Fifth Committee of the General Assembly looks at and approves the regular budget component of the budget, which represents approximately 10 per cent of the total budget of UN-Habitat.

• **Step 5**: The secretariat submits periodic progress reports on the implementation of the work programme and budget to the Committee of Permanent Representatives, which meets four times a year. In addition to these meetings, the Committee of Permanent Representatives holds numerous working group meetings, including on the work programme and budget (which includes the medium-term strategic and institutional plan), experimental reimbursable seeding operations and the World Urban Forum. Other ad hoc working group meetings are convened from time to time.

• **Step 6**: The earmarked extrabudgetary resources, which represent approximately 80 per cent of the total budget, are subject to oversight by the Office of the Controller, the Budget Division of the United Nations and the Board of Auditors. Furthermore, special oversight and management structures have been established for larger multi-donor programmes such as the experimental reimbursable seeding operations facility, the slum upgrading facility and water and sanitation.

D. **Other governance structures and reporting obligations**

3. The Executive Director and the Deputy Executive Director enter into a yearly compact with the Secretary-General.

4. An annual Secretary-General’s report on the coordinated implementation of the Habitat Agenda is submitted to the Economic and Social Council, which coordinates follow-up to all the major United Nations conferences and summits.

5. An annual Secretary-General’s report on follow-up to the Habitat II conference and the strengthening of UN-Habitat is submitted to the General Assembly in accordance with General Assembly resolutions 56/205 and 56/206, which elevated UN-Habitat to programme status.

6. Regarding auditing, there are typically two routine internal audits per year, periodic external audits that are consolidated into a report to the General Assembly every two years, regular evaluations of the work programme through the United Nations Integrated Monitoring and Documentation Information System and periodic in-depth programmatic evaluations conducted by the United Nations Office of Internal Oversight Services or the Department of Management.
Annex II

Governance structure of other United Nations agencies, programmes and funds

1. UN-Habitat derives the majority of its income from voluntary contributions received from Governments and inter-governmental donors. The organization also receives contributions from other partners such as local authorities, the private sector, multilateral organizations and other United Nations system organizations.

2. The three main sources of funding are:

   (a) Regular budget allocations which are approved by the General Assembly against the assessed contributions of Member States (core funding);

   (b) General purpose contributions to the United Nations Habitat and Human Settlements Foundation (Foundation). These are the non-earmarked voluntary contributions from Governments for which the budget allocations are approved by the UN-Habitat Governing Council and are allocated in accordance with agreed priorities (core funding);

   (c) Special purpose contributions, which are earmarked voluntary contributions from Governments and other donors for the implementation of specific activities (based on agreements with the donors) included in the approved work programme (non-core funding). These contributions fall into two major categories:

      (i) Contributions towards the Foundation;

      (ii) Contributions for direct project execution at the country level i.e., technical cooperation contributions.

![UN-Habitat Funding Distribution for the Biennium 2008-2009](image)

With the exception of allocations received from the Regular Budget, UN-HABITAT relies on voluntary contributions which constitute more than 90% of its funding base for the period 2008-2009. The lack of predictability associated with voluntary funding, coupled with the absence of an equivalent mechanisms to encourage the payments of pledges, can undermine the planning and delivery of programmes and projects in both the short and longer term. The impact on programme delivery therefore remains a major concern.

Trend in voluntary contributions

3. Non-earmarked (core) voluntary contributions to the United Nations Habitat and Human Settlements Foundation have over the past ten years grown from an annual average of $4.5 million to approximately $17.5 million in 2007. There is also a dramatic increase in technical cooperation programmes from $26 million in 2003 to approximately $74 million in 2007. During the same period, earmarked voluntary contributions have grown significantly from an annual average of $23 million to $156 million in 2007, reflecting a marked donor preference for this type of funding. Increase in the total voluntary contributions received by UN-Habitat has had a positive impact on the overall programme delivery and has provided a competitive boost to efficiency through increased economies of scale.
4. Although earmarked contributions are a welcome complement to non-earmarked contributions, the continued rising imbalance between the two remains a major challenge. This is primarily because earmarked resources in many instances carry stringent conditions, e.g., specific country implementation in donor-supported regions, implementing partners and amount to be paid.
to the partners and funding period, all of which limit UN-Habitat flexibility in making use of the funds.

5. This imbalance in funding has made it more difficult for UN-Habitat to ensure an effective and balanced implementation of the approved work programme, with some activities overfunded and others only partially funded. Further, earmarked funds have not always been aligned with the agreed work programme and priorities set. The effect of this is a distortion of programme priorities.

6. Although the non-earmarked (core) and earmarked contributions contribute to meeting the overall objectives of the programme, the core resources are fundamental to ensuring the fulfilment of the institution's mandate as they provide the basic operating infrastructure of the organization and enable it to implement its core normative activities.

7. It is worth noting that the management of earmarked (non-core) resources requires substantial administrative support, which incurs a cost. United Nations system organizations recognize that there is some level of subsidization of these support costs, whether implicit or explicit, by regular/core resources. This in some instances may lead to diversion of resources from programmes, projects or activities mandated by the legislative organs to others with a narrower bilateral focus (i.e., earmarked activities).

8. Despite the increase in the UN-Habitat total financial resources it continues to experience a budgetary shortfall (core funding) between its conservative biennial budgets approved by the Governing Council and the actual funds received. This shortfall has presented various challenges to the organization, which have led to a fragmented approach in the implementation of the approved work programme, and has hindered the organization in its efforts to address established priorities fully.

**Recent trends in the contributions received by UN-Habitat from the top 10 donors**

9. The donor base for voluntary contributions remains narrow: approximately 60 per cent of total contributions and over 90 per cent of non-earmarked (core) voluntary contributions come from the top 10 donors.

10. This has made the organization vulnerable, especially with regard to the non-earmarked (core) funding, and may have an adverse impact on programme delivery in the event that a major donor sharply reduces its funding or withdraws it altogether.

**Status of the global trust funds and facilities**

11. UN-Habitat recently embarked on an aggressive fund raising campaign to capitalize the Water and Sanitation Trust Fund, the Special Human Settlements Programme for the Palestinian People and the Slum Upgrading Facility. These funds have been supported by several donor countries as a sign of their commitment to the Millennium Declaration Goals on improving access to drinking water and sanitation and improving the lives of slum-dwellers.

12. Although of significant importance, global trust funds should not be viewed as an alternative or substitute for the core or non-earmarked resources. They should instead be seen complementary funds.

13. UN-Habitat has continued to receive a significant level of contributions from other United Nations agencies, which underscores its comparative advantage in the area of human settlements. This is in line with United Nations reforms that call on the United Nations system to work more coherently and effectively at the global level in the areas of development, humanitarian assistance and environment. Further, UN-Habitat has continued actively to engage and develop partnerships with various private and public stakeholders.
Growth in contributions to UN-HABITAT by donor type
2002 - 2007

Millions

- Donor countries
- UN agencies
- Public donors
- UN Regular Budget

2002 2003 2004 2005 2006 2007
### Non-Earmarked (Core) Contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Contributions</th>
<th>Top Ten Donors of UN-HABITAT 2002-2007 (as of 31 December 2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>US $12,305,165</td>
<td>Country %</td>
</tr>
<tr>
<td>1</td>
<td>UN Regular Budget</td>
<td>51</td>
</tr>
<tr>
<td>2</td>
<td>United Kingdom</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>Norway</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>Sweden</td>
<td>5</td>
</tr>
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<td>5</td>
<td>USA</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Italy</td>
<td>4</td>
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<tr>
<td>7</td>
<td>Netherland</td>
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<td>8</td>
<td>Finland</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>Japan</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>France</td>
<td>1</td>
</tr>
</tbody>
</table>

### Earmarked Contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>Earmarked Contributions</th>
<th>Country %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>US $14,816,551</td>
<td>16</td>
</tr>
<tr>
<td>2003</td>
<td>US $45,528,450</td>
<td>11</td>
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<tr>
<td>2004</td>
<td>US $62,216,041</td>
<td>8</td>
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<td>2005</td>
<td>US $115,384,719</td>
<td>6</td>
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<tr>
<td>2006</td>
<td>US $135,014,260</td>
<td>8</td>
</tr>
<tr>
<td>2007</td>
<td>US $135,683,596</td>
<td>6</td>
</tr>
</tbody>
</table>

### Total Contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Contributions</th>
<th>Country %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>US $58,121,716</td>
<td>12</td>
</tr>
<tr>
<td>2003</td>
<td>US $60,206,837</td>
<td>11</td>
</tr>
<tr>
<td>2004</td>
<td>US $104,923,554</td>
<td>14</td>
</tr>
<tr>
<td>2005</td>
<td>US $134,566,139</td>
<td>10</td>
</tr>
<tr>
<td>2006</td>
<td>US $134,476,036</td>
<td>10</td>
</tr>
<tr>
<td>2007</td>
<td>US $164,477,770</td>
<td>10</td>
</tr>
</tbody>
</table>
(d) To continue to strengthen and mainstream the work of the United Nations Human Settlements Programme on the engagement of young people in human settlements development and in taking measures in relation to their livelihoods;

(e) To provide the necessary mechanisms for the World Urban Youth Forum to be recognized as an integral part of the World Urban Forum;

(f) To evaluate the operation of the Opportunities Fund for Urban Youth-led Development and to submit a report thereon to the Governing Council at its twenty-third session.

5. Also requests the Executive Director to ensure that urban youth development issues are reflected substantively in future issues of the Global Report on Human Settlements and of the State of the World’s Cities report.

6. Further requests the Executive Director to submit a report on the progress in the implementation of the present resolution to the Governing Council at its twenty-third session.

7th plenary meeting
3 April 2009

Resolution 22/5: Governance of the United Nations Human Settlements Programme

The Governing Council,

Recalling General Assembly resolution 56/206 of 21 December 2001, which transformed the Commission on Human Settlements and its secretariat, the United Nations Centre for Human Settlements (Habitat), including the United Nations Habitat and Human Settlements Foundation, into the United Nations Human Settlements Programme,

Recalling also its resolution 21/2 of 20 April 2007 on the medium-term strategic and institutional plan for 2008–2013, which called upon the Executive Director to consult the Committee of Permanent Representatives on the need to review the efficiency and effectiveness of the governance structure of the United Nations Human Settlements Programme,

Taking note of the note by the Executive Director on the efficiency and effectiveness of the governance structure of the United Nations Human Settlements Programme,12

1. Requests the Executive Director and the Committee of Permanent Representatives to undertake jointly, within the work programme and budget, an examination of the governance of the United Nations Human Settlements Programme with a view to identifying and implementing ways to improve the transparency, accountability, efficiency and effectiveness of the functioning of the existing governance structure and to identify options for any other potential relevant changes for consideration by the Governing Council at its twenty-third session;

2. Requests the Executive Director to begin work as soon as possible on the terms of reference for the above-mentioned exercise, which are to be developed in close cooperation with the Committee of Permanent Representatives and submitted for its endorsement.

7th plenary meeting
3 April 2009

Resolution 22/6: Habitat awards

The Governing Council,

Recalling the establishment of the Habitat Scroll of Honour awards to acknowledge initiatives that have made outstanding contributions in various fields such as shelter provision, highlighting the plight of the homeless, leadership in post-conflict reconstruction and developing and improving human settlements and the quality of urban life,
Terms of Reference

GOVERNANCE OF THE UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME

1. Background

In its Resolution 21/2 of 20 April 2007 pertaining to the Medium-term Strategic and Institutional Plan (MTSIP) for 2008-2013, the Governing Council (GC21) requested the Executive Director of UN-HABITAT to, *inter alia*, consult with the Committee of Permanent Representatives (CPR) on the "need to review the efficiency and effectiveness of the governance structure of UN-HABITAT". In response to the above decision, the Secretariat adopted a staged approach.

This initially consisted of engaging a consultant, Ambassador Bengt Säve-Söderbergh, with proven expertise and experience in UN governance reform, to carry out an independent overview and assessment. The consultant’s findings and report were shared with the CPR in the course of formal and informal consultations in early 2009.

This was followed by a report from the Executive Director to the 22nd session of the Governing Council (GC22) on the topic.

GC22 in consequence passed a resolution, quoted in Section 2 below, that initiated the governance review. These Terms of Reference (ToR) are intended to guide the activities undertaken under the GC22 mandate.

It is important to note that Resolution 21/2 of GC21 placed the governance review in the context of the MTSIP and the preparation of an Action Plan for its implementation. This linkage is crucial for interpretation of the scope of the current review.

Note also needs to be taken of the ongoing reform of the United Nations and the "Delivering as One UN" country pilots. It has become apparent that UN-HABITAT’s participation requires a degree of flexibility in decision-making which has not been foreseen in the governance set-up for Programmes that constitute the Secretariat.

The Review seeks to build consensus between the Secretariat and the Committee of Permanent Representatives around a positive vision of the future governance of UN-Habitat that incorporates the above considerations.

2. Objective

Resolution 22/5 states the following:

(i) Requests the Executive Director and the Committee of Permanent Representatives to undertake jointly, within the work programme and budget, an examination of the governance of the United Nations Settlement Programme with a view to identifying and implementing ways to improve the transparency,
accountability, efficiency and effectiveness of the functioning of the governance structure and to identify options for any other potential relevant changes for consideration by the Governing Council at its twenty-third session:

(ii) Requests the Executive Director to begin work as soon as possible on the terms of reference for the above-mentioned exercise, which are to be developed in close cooperation with the Committee of Permanent Representatives and submitted for its endorsement.

3. Purpose of Review

The above will be interpreted in the context of the One UN Reforms and the current review of UN-HABITAT’s strategic direction and management structure (MTSIP). The following formulation incorporates this perspective, whereby the governance review is complementary to the Excellence in Management Focal Area of the MTSIP (FA6):

The development of a better functioning governance structure for UN-HABITAT that helps to create the conditions for delivering the Habitat Agenda and the Goal of the MTSIP more efficiently, effectively, transparently, accountably, collaboratively and innovatively.

The Goal of the MTSIP is defined in the Results Framework "Sustainable urbanization created by cities and regions that provide all citizens with adequate shelter, services, security and employment regardless of age, sex and social strata".

4. Scope

The governance review, in line with the requirements of Resolution 22/5, will be conducted in four phases outlined below and will include those aspects of the management of UN-HABITAT which impact on the functioning of governance processes.

Phase 1 – Formulation of ToR

- Development of a clear understanding, purpose and direction for improved governance in line with the requirements of Resolution 22/5

- Based on the above, draft Terms of Reference for the Review including a timetable for phases 2, 3 and 4 mentioned below.

Phase 2 – Improvement of UN-HABITAT Governance in Nairobi

This phase will be confined to those bodies identifiable as part of the governance structure based in Nairobi and whose operations and inter-relationships can be altered and improved by decision of the UN-HABITAT Governing Council.

- Governing Council
• Bureau of the Governing Council
• Secretariat to the Governing Council, CPR and Working Groups
• Committee of Permanent Representatives including Working Groups
• Bureau of the CPR
• Elements of the Secretariat of UN-HABITAT, including services administered by UNON, that interface with the GC and subsidiary bodies.
• UN Habitat Trust Funds and Programmes
• Regional / Political Groupings (limited to inter-relationships between these and the Secretariat)

This phase will also, where possible, seek to identify quick wins which could be implemented over the short term, before GC 23 on the authority of the CPR and the Executive Director of UN-HABITAT.

**Phase 3 – Improvement of UN-HABITAT Governance within the wider UN System and its relations to other International Organisations**

This phase will include those bodies that currently have responsibility for elements of UN-HABITAT’s governance and which have the authority to undertake or to propose structural alterations to UN-HABITAT if deemed necessary.

• The General Assembly
• UN Secretariat
• ECOSOC
• ACABQ
• CPC

**Phase 4 – Submission of Improvement Measures to GC23**

Following the Governance Review, options will be presented for consideration by the GC 23, with an indication of the level of consensus (low, medium and high) achieved.
5. Approach & Methodology

The review will encourage views and innovative ideas from a cross-section of Habitat Agenda Partners, taking into account gender sensitivity and regional balance, and will entail:

(a) Identifying the respective strengths and weaknesses of the above and the need for improvement and potential change;
(b) Building upon what already works well and transforming areas that do not currently function effectively;
(c) Prioritizing action steps against relevant time frames and available resources.

Phase 1

Completion of Terms of Reference by joint drafting group and endorsed by CPR Contact Group prior to presentation to CPR on 24 September 2009.

Phase 2

- Vision of Good Governance (this will be conducted at the Contact Group level)
  - What kind of governance is needed?
  - What does good governance look like? Can other UN agencies inspire this process? Development of high level criteria against which performance is assessed
  - What are the requirements to achieve good governance?
  - What are the needs of the CPR and Secretariat and how can these be harmonised?

- Reconnaissance of the existing set-up (this will be conducted by Assessment Teams – see (6) Organisational Arrangements)
  - Understand current Mandates (UN procedures, rules and regulations; and substance (GC decisions)), including respective expectations and interpretations.
  - Inter-relationships between elements of the existing Governance structure (hierarchy, dependencies)
  - Relationships between elements of the existing Governance structure and other stakeholders (NGOs, local authorities etc)

- Assessment (this will be conducted by Assessment Teams – see (6) Organisational Arrangements)
  - Which existing governance elements deliver their respective current mandates?
    - Identification of good and best practices and how these can be built on or upscaled
    - Those that need improvement, consider why? (Is it a problem with mandate, or problem with performance?)
  - Do the current mandates deliver the vision?
If no, what improvements need to be made?
  o Identification of specific improvements needed in each area identified.
    ▪ Which of these are possible quick wins (CPR and ED approval)?
    ▪ Those improvements requiring GC approval
    ▪ Identification of improvements that will need to be made in Phase 3
  o Does the current governance structure deliver the Vision?
    ▪ If not, consider in Phase 3?

**Phase 3**

This phase will seek to address any gap between the Vision and the findings of Phase 2.

- **Reconnaissance of the existing arrangements**
  o Understand current mandates (UN procedures, rules and regulations; and substance (UNGA decisions)), including respective expectations and interpretations.
  o Inter-relationships between entities of the existing Governance structure (hierarchy, dependencies)
  o Relationships between elements of the existing Governance structure and other stakeholders
  o Progress on, and current direction of UN Reform

- **Assessment**
  o Assess the impact on UN-HABITAT of those entities within the wider UN system which have a role to play in UN-HABITAT governance
  o Identification of good and best practices in relationships with UN-HABITAT and how these can be built on or upscaled.
  o Those relationships that need improvement
  o Do the current relations facilitate delivery of the Vision?
    ▪ If no, what improvements need to be made?
  o Identification of specific improvements needed in each area identified.
    ▪ Are any of these possible quick wins?
    ▪ Those improvements requiring higher approval
  o Assess improvements cited in Phases 2 and 3 and agree on proposed recommendations as per Resolution 22/5
    ▪ Investigate the success of reform processes in other UN agencies
    ▪ Consideration of alternative governance structures

**Phase 4**

Following the Governance Review, options will be presented for consideration by the GC 23, with an indication of the level of consensus (low, medium and high) achieved.

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27/10/2009 - Version 1.0 ToR for UN-HABITAT Governance Review
6. Organisational Arrangements

Entities

1. Contact Group
   - A geographically balanced/open-ended Joint Contact Group comprising the members of the CPR and Secretariat reporting direct to the CPR.
   - This is currently chaired by either USA or Zimbabwe
   - Consideration of Vision of Good Governance as per Phase 2 in Approach & Methodology

2. Implementation Team
   - Made up of 5 members of Secretariat and 5 members of the CPR and preferably to reflect regional balance. These members will be chosen by the Contact Group. Chair and Rapporteur will be chosen by the Implementation Team.
   - Each member to be supported by an additional two others from the Secretariat/CPR. These members will be responsible for undertaking the work in reviewing the respective governance element(s).
   - The Team will decide on process for consideration of 8 elements as defined in Phase 2 of Scope, including specification of milestones and deliverables. (Consideration can be given to each member taking responsibility for the review of each one of the entities defined under Phase 2 Scope)
   - The Team will agree processes to complete reconnaissance and assessment stages in Phase 2 Methodology
   - The Team will develop detailed criteria against which performance is assessed by the individual Assessment Teams
   - Will review preliminary findings of each Assessment Team and integrate these into a final report for consideration by Contact Group
Assessment Teams

- Team leader will be member of Implementation Team
- Assessment team will include members from both CPR and Secretariat in varying portions – recommended size: 3
- Will undertake Reconnaissance and preliminary Assessment as defined under Phase 2 Methodology
- Will report preliminary findings to Implementation Team

7. Proposed Timeline

8 September 2009: Secretariat to present ToR to Contact Group. ToR to be agreed and nominations requested for Implementation Team members (by 24 September 2009)

24 September 2009: Chair of Contact Group to present to CPR to endorse ToR

Between 24 September and 2 October 2009: Implementation Team to be chosen

2 October 2009: Implementation Team to meet and consider the following issues

inter alia:
- Constitution of each Assessment Team
- Detailed timeline for entire process with established work plan and milestones
- Consideration of methodological details (e.g. surveys etc);
- Refine assessment of resource requirements
- Organisation of brainstorming session of Contact Group on ‘Vision’ (Retreat? Facilitator? Etc)

5 & 6 November 2009: Brainstorming session of Contact Group on ‘Vision’ to achieve the following

inter alia:
- What kind of governance is needed?
- What does good governance look like? Development of criteria against which performance is assessed
- What are the requirements to achieve good governance?
- What are the needs of the CPR and Secretariat and how can these be harmonised?

Mid-November 2009: Implementation Team to meet and consider the following

issues inter alia:
- Criteria constituting the Vision
- Incorporate criteria into draft questionnaire

10 December 2009: Chair of Implementation Team to report to CPR on vision, criteria, questionnaire and next steps

January – May 2010: Assessment Teams undertake work. Implementation Team to meet as required.

27/10/2009 - Version 1.0 ToR for UN-HABITAT Governance Review
April 2010: Chair of Implementation Team to report to Contact Group to consider and agree Quick wins. Quick wins implemented as appropriate.

Late May 2010: Contact Group to meet to consider findings from Phase 2 and recommendations how to conduct Phase 3

June 2010: Chair of Contact Group to report to CPR on findings from Phase 2 and recommendations how to conduct Phase 3

Late June 2010: Implementation Team meets to detail work plan for Phase 3

September 2010: Chair of Contact Group reports back to CPR on progress

December 2010: Final report to CPR on proposed recommendations from both Phases 2 and 3 to GC 23

February 2011: Drafting of report to GC and formulation of resolutions.

April 2011: Presentation to GC 23. Report rubbish - new process proposed

May 2011: Implementation of recommendations commences

8. Indicative Costs:

- Brainstorming session to develop Vision and criteria $5,000
- Consultancy (retreat, questionnaire, analysis of results) $25,000
- Opportunity costs of CPR members
- Opportunity cost of Secretariat members - Secretariat may need to revise current scheduling of work plan commitments. Any significant changes will be reported back to CPR.

9. Potential risks

Risks

- Inability to reach a reasonable consensus between the parties in the Contact Group that is sufficient to allow progress.
- Lack of continuity amongst key players in review process due to natural turnover causing delays in progress and lack of buy-in.

It is judged that these risks are of insufficient likelihood and severity to derail the process.
Assumptions

- Sufficient funds are available from MTSIP resources to meet anticipated budget requirements of study.
- Sufficient suitably experienced personnel who have adequate time to devote to the Review and meet tight deadlines are available from within CPR and Secretariat.

The likelihood of these assumptions proving false is deemed to be low.
Definition of Good Governance

<table>
<thead>
<tr>
<th>Good governance:</th>
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<tbody>
<tr>
<td>Is effective, efficient, transparent, and accountable,</td>
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<tr>
<td>- Stays within mandates,</td>
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<tr>
<td>- Adheres to the rule of law,</td>
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<tr>
<td>- Has clearly defined roles and responsibilities,</td>
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<tr>
<td>- Is inclusive, ensures full participation</td>
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<td>- Provides clear direction and defines strategic priorities,</td>
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<td>- Is results-oriented and enables delivery,</td>
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<td>- Ensures policy relevancy,</td>
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<td>- Matches available resources to mandates</td>
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<td>- Adapts to new circumstances and promotes innovation,</td>
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<td>- Defines priorities, and</td>
</tr>
<tr>
<td>- Identifies and solves problems.</td>
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Definition of Accountability

With respect to good governance, accountability means holding all parties accountable for fulfilling their obligations and empowering them to deliver through clearly defined and communicated roles and responsibilities, supported by monitoring systems and evaluated in accordance with mutually agreed upon criteria.

Definition of Transparency

With respect to good governance, transparency means regular, open, and frank dialogue that is conducive to decision-making, supported by proper dissemination of timely information that is relevant, easily accessible, and, where appropriate, translated into official UN languages, subject to peer review and corrective action as necessary.

Definition of Effectiveness

With respect to good governance, effectiveness means the successful delivery of expected results in accordance with agreed mandates, rules and procedures, and objectives and goals, through ongoing prioritization, incorporating lessons learned.

Definition of Efficiency

With respect to good governance, efficiency is the timely delivery of high quality results through the optimum use of available resources supported by streamlined processes and enhanced communication.

Vision

Our vision is to apply the principles of good governance to ensure transparency and accountability through clearly defined roles and responsibilities that promote efficient use of resources to achieve effective delivery of high quality results in accordance with established goals and clear objectives.