

# UN HABITAT

FOR A BETTER URBAN FUTURE

**67<sup>th</sup> REGULAR MEETING OF THE COMMITTEE OF PERMANENT  
REPRESENTATIVES TO UNITED NATIONS HUMAN SETTLEMENTS  
PROGRAMME**

**14 DECEMBER 2017**

**Agenda Item 4:**

**Executive Director's Closing Remarks to the Committee of Permanent  
Representatives (HSP/CPR/67/4/Add.1)**

## **1. Global Scenario**

The incessant growth of urbanization worldwide as the way of life of a great proportion of the world population reflects a substantive change in the global social scenario. UN-Habitat has contributed to positioning the UN as a leading institution on urbanization, forging a new perception on its strategic relevance and its intimate relationship with sustainable development.

Globalization altogether with rapid urbanization presents a new global set of opportunities and challenges. While advances in the reduction of absolute poverty and improved conditions of life have been achieved in many developing countries, new problems like increased inequality and urban poverty have also gained worldwide relevance in many parts of the world both in developed and developing countries. War and manmade conflicts, climate change and natural disasters, migrations and terrorism are some of the strategic issues closely linked with both globalization and urbanization.

## **2. The Role of UN-Habitat**

UN-Habitat has been deeply involved in the major activities of the UN related to peace, human rights and the development agenda like Rio+20, Agenda 2030 for Sustainable Development, the Paris Agreement on Climate Change, the Addis Ababa conference on Financing for Development, the Sendai Framework for Disaster Risk Reduction, the World Humanitarian Summit and the international dialogue on migration.

Since 2010, UN-Habitat has also increased its activities in many countries building a robust portfolio with presence in more than 60 countries. The largest projects are currently in Afghanistan, Somalia, Syria and Iraq where protracted conflicts have been severely affecting the lives of the urban population. Relevant new projects are taking place in China, Egypt, Saudi Arabia, Mexico and Nigeria.

The specialization in the fundamentals of urbanization (legislation, planning and finance) accounts for most of the growth of UN-Habitat's portfolio. The preparatory process and the celebration of the Habitat III conference in Quito, with its outcome, the New Urban Agenda, altogether with the extended participatory engagement through the World Urban Forums every two years, nurtured a better understanding of the strategic relevance of urbanization worldwide and enhanced cooperation among UN funds and programmes, the World Bank and other development banks, academia, professionals and civil society.

## **3. The Reform of UN-Habitat**

In the last seven years, UN-Habitat has gone through a profound reform in two strategic directions. The first and most important is the substantive and programmatic reform following the current Strategic Plan. New knowledge areas on urban legislation, urban planning and municipal finance were established to enhance a more focused and specialized approach alongside with a reviewed attention to affordable housing, urban basic services, urban energy, climate change and resilience.

The second direction of the reform has been centered in increasing efficiency and productivity as well as reducing costs, adapting the programme to the multilateral financial scenario characterized with more appetite for earmarked projects rather than unearmarked grants. The Headquarters costs have been reduced by 40% from 330 staff to 210 currently. Notwithstanding with this reduction, the total aggregated UN-Habitat budget and staff numbers, have increased due to the growth of the earmarked project portfolio reaching yearly \$180 million and more than 1500 total employees.

The reform in its two components has taken significant time mainly due to the complexity of the rules and regulations which are not suitable to the nature of UN-Habitat's portfolio. Additional difficulties have emerged following the implementation of Umoja.

#### **4. Financial Situation**

The financial situation of UN-Habitat has been explained yearly to the Controller and to the Department of Management with a periodical report called "UN-Habitat Way Forward" with its corresponding budgeting provisions and annual financial scenarios.

The total yearly budget of UN-Habitat is of \$210 million, distributed through a core budget of \$30 million and \$180 million of earmarked and technical cooperation projects. The overall budget is balanced.

The core part of the budget is financed by the increasing portfolio's overheads and cost recovery (\$15 Mill), with \$11 Mill from the UN regular budget and the rest by decreasing unearmarked voluntary contributions. This part of the budget, in spite of the strong policy of cost reduction, has presented yearly deficits in the range of \$2 to \$5 million which were financed by UN-Habitat reserves (currently standing at \$22.877 million in the audited balance, 31-12-2016).

#### **5. UN-Habitat's Way Forward**

The way forward for UN-Habitat presents in my view the following issues that need to be addressed in the short term;

- a.** The continuation of the ongoing process of specialization and professionalization of the knowledge base of UN-Habitat enhancing the current substantive leadership in the fundamentals of sustainable urbanization.
- b.** Changing the administrative and management rules. Adopting the UN field operation rules instead of the Secretariat ones is a must to improve efficiency and productivity. This improvement can be achieved at no additional cost and the expected productivity is estimated to increase by at least 15%.
- c.** Consensus on the governance model of UN-Habitat. This issue has prevailed in UN-Habitat's discussions since the Governing Council of 2009.
- d.** Effective coordination in the UN Development Group. As UN-Habitat is advancing towards a more specialized and professional programme centered on the technical and

scientific aspects of urbanization, there is a need for better coordination in the UN Development Group aimed at avoiding, when possible, the overlapping of mandates and conflictual project competition among different UN funds and programmes. The current Secretary-General's reform is a unique opportunity to address this issue increasing the management and arbitration capacity of the Resident Coordinators.

The ongoing specialization of UN-Habitat alongside with the programmatic outcome of Habitat III, the New Urban Agenda, and Agenda 2030 for Sustainable Development, provides an excellent roadmap for the future activities of the programme considering the strategic relevance of urbanization and its contribution to sustainable development.