



Executive Board of the United Nations  
Human Settlements Programme  
First meeting (resumed)  
Nairobi, 19 and 20 November 2019  
Item 7 of the provisional agenda\*

**Briefing on the normative and operational activities of  
UN-Habitat: focus on the Egypt country programme, the  
Mexico country programme, and the engagement with the  
Adaptation Fund.**

*Summary*

The present document presents three distinct entry points to exploring the normative and operational activities of UN-Habitat. First, it highlights the activities of the UN-Habitat **Egypt country programme** to advance sustainable urbanization and improving the living conditions for all. Second, it describes the activities of the UN-Habitat **Mexico country programme** in support of different levels of Government in implementing the New Urban Agenda. Finally, it discusses UN-Habitat's global engagement with the **climate change Adaptation Fund** to support the most vulnerable communities. For each topic, the document describes the context, highlights relevant policies and strategies, gives examples of illustrative projects across different focus areas and proposes selected issues for discussion. In this way, the report aims to offer opportunities to the Executive Board of UN-Habitat to discuss UN-Habitat normative and operational activities through a variety of thematic and regional lenses.

\* HSP/EB.1/1/Rev.1.

## A. Egypt Country Programme

### I. Introduction

1. Rapid urbanization continues to transform the landscape of the cities in Egypt. The official set of policies that aimed at directing the urban expansion focused on the creation of new cities, major land reclamation, and the establishment of major economic and urban development projects. Yet, 95 per cent of the increase in urban population has not been absorbed by these mega projects, but rather by the existing agglomerations. During the past 20 years the new cities have attracted less than 8 per cent of the Egyptian population, while over 22 per cent of the total infrastructure investment, were allocated to the new cities (CAPMAS 2017).

2. The urban population in Egypt is not evenly distributed among its 219 cities, whereby 68 per cent of the total population are living in three regions, Greater Cairo Region, Alexandria and Delta; representing 1.8 per cent of Egypt's total area. Furthermore, existing villages and cities, mostly surrounded by valuable agricultural land are threatened by rapid and unplanned urban growth, and rapid encroachment over agricultural and state-owned land in form of informal, unplanned urban expansion. Consequently, over 16 million urban inhabitants live today in informal and unplanned settlements around urban areas.

### II. Relevant National Frameworks

3. In line with international efforts to promote sustainable development through the Sustainable Development Goals, the Government of Egypt (GoE) has launched the **Sustainable Development Strategy (SDS): Egypt Vision 2030**. The SDS environmental dimension encompasses an environmental pillar aimed to "preserve natural resources and support their efficient use and investment, while ensuring the rights of next generations". It also aimed at providing citizens a clean, safe and healthy environment leading to diversified production resources and economic activities, supporting competitiveness, providing new jobs, eliminating poverty and achieving social justice". The strategy also includes an urban development pillar which aims at achieving "*A balanced spatial development management of land and resources to accommodate population and improve the quality of their lives.*"

4. GoE has also launched the **National Strategic Plan for Urban Development 2052**, which aims to develop a future vision that has a societal consensus and aims to achieve the balance in the spatial, economic and social development, according to an environmental system that preserves heritage and resources, shifts Egypt to the knowledge economy and avoids environmental disparities in income and living levels.

### III. UN-Habitat in Egypt

5. In Egypt, UN-Habitat has been working since 2008 to support sustainable urbanization that is able to drive development and improve living conditions for all. During this period, the programme was able to position itself as the center of excellence for sustainable urbanization, guiding urbanization policy formulation, legislation, governance, urban tools and practices.

6. This was achieved through the extensive knowledge and advice produced on various urban topics and availing platforms for dialogues on key urban issues and creating active partnerships with a wide network of national and local stakeholders. This network includes local and national government officials, community leaders, academicians, CSOs, IFIs, development partners, donors, statistical offices, national and local community leaders, and business representatives. These collaborative partnerships further enabled a better understanding and assessment of the complex local systems and processes related to planning, budgeting and implementation of urban development programmes.

7. Co-chairing the Development Partners Group on Urban Development (DPGUD) and playing a very active role in the UNCT, leading and availing regularly platforms for dialogues on urban development, UN-Habitat Egypt is now well positioned as the lead technical agency and the point of reference on urban development and housing in the country. This has led to the integration of urban development in the United Nations Partners Development Framework (UNPDF) as well as the acknowledgement of Urban Development as a key sector and a major factor that could accelerate progress towards sustainable development in the country.

8. Capitalizing on the Regional Office for Arab States (ROAS) being hosted by the Ministry of Housing in Cairo, the country programme was able to support Egypt play a leadership role among the Arab countries on a number of interventions and events. This is very much aligned with Egypt's

foreign policy and is well acknowledged by all counterparts. Examples of such initiative include the support provided to the Ministry of Housing and its affiliated Informal Settlement Fund (ISDF) to undertake an analytical study on informal settlements in the region; the support to hosting a number of Regional and African events on strategic planning, urban policies and on the system of cities; and hosting a regional event on housing and recovery in post conflict countries.

9. The Egypt country programme was able to effectively support the government in urban related policy formulation and provide legislative and institutional support as well as capacity development of the national stakeholders. Also, based on the extensive dialogues and regular rapport and strong partnerships created with relevant stakeholders, the programme was able to advance global urban tools and adopt them to the local contexts to maximize the impact on urban development in Egypt and the quality of lives of the citizens. These measures are also equipped with comprehensive and participatory advocacy and communication tools.

10. Building on the above initiatives, UN-Habitat Egypt is supporting the GoE towards a more effective implementation of the **New Urban Agenda (NUA)**. This is concretized by highlighting the positive values and wealth created by the urbanization process, enhancing national and local urban management and governance practices that are tailored to local contexts, supporting an equitable distribution of the development created through urbanization, and ensuring inclusive development that leaves no one behind.

11. The programme in Egypt has worked closely with the Egyptian Government and local stakeholders to support national visions and priorities, while advancing the alignment and progress towards organizational objective and domains of change. This is clearly reflected within the current projects portfolio and planned activities, which are subdivided and analyzed according to the Domains of Change of the new Strategic Plan 2020-2023, as follows:

**1. Reduced Spatial inequality and poverty in communities across urban-rural continuum:**

12. In Egypt, UN-Habitat supports shifting the mindsets of specialists and decision makers from supply driven policies to planning and budgeting for basic services provision based on demand, knowledge and impact. The programme has also been supporting the government to adopt a human rights and people centered approach using localized, non-conventional, and low-cost innovative approaches to ensure more efficient utilization of resources to reduce geographical gaps and promote access affordable basic services.

13. For example, this is clearly reflected in the *urban mobility* portfolio where extensive efforts are exerted with various stakeholders to create knowledge, evidence and dialogues that enable shifting from planning for cars to planning for people and their accessibility and rationalizing investment in mobility to prioritize public transportation and low cost transportation modes that does not put pressure on the national budget, and that creates an integrated public transportation networks. Similarly, in the *water and sanitation* sector, UN-Habitat in Egypt has been working for three years closely with national and local stakeholders and development groups to introduce innovative solutions and evidence-based interventions that supports shifting the sector to impact-based programming and implementation. Furthermore, assessment and advancement of inclusive *public spaces* within the main urban centers is also supported to ensure a balanced and well-managed system of public spaces that can bring more cohesion and livelihood to the Egyptian urban fabric.

14. UN-Habitat in Egypt has provided long support the Egyptian government on improved *access to land and adequate and affordable housing*. In close collaboration with its development partners (especially local urban planning units in pilot governorates). The programme worked extensively to support testing various land management tools and practices to improve detailed planning for city extension areas where multiple vulnerable groups are unable to capture the increased value of urbanization. The newly developed land-readjustment localized model influenced the revision of the Egyptian building law emphasizing a more active role for local authorities. Additionally, the programme enabled shifting the urban upgrading thinking for inner areas from addressing only the deteriorated informal and unsafe areas, to also include upgrading potential brownfield and mis-used areas and avail access to these lost opportunities of valuable land within a citywide participatory scheme that is localized to the Egyptian context.

15. In alignment with the Global Housing Strategy, and the housing strategy for the Arab region, UN-Habitat Egypt Office lead the drafting of the first *Egypt Housing Profile in 2017* which enabled a comprehensive understanding of the housing sector in Egypt focusing on low income housing programmes. Additionally, the programme is currently preparing to launch the first *Egypt National Housing Strategy* that will guide the housing sector for the coming twenty years. The new strategy promotes a major paradigm shift envisioning the role of the government as an enabler supporting

efficient, dynamic and inclusive housing markets, with an emphasis on affordable housing for all. This is an important shift from the government's current role where the government is also a provider of housing. This shift in strategy prioritizes addressing vacant units, preserving existing stock, and expanding on newly offered rental housing aims to maximize impacts on affordability of housing in the short and medium term.

16. Moreover, the UN-Habitat Egypt programme has been providing in-depth support to enable *effective settlement growth and regeneration*. This is achieved through the support provided to the urban development planning processes and capacities to continuously monitor and respond to urban changes and growth. By supporting the General Organization for Physical Planning (GOPP) to apply improved strategic urban planning processes and urban monitoring tools, the programme supports profiling of the key urban sectors that enable local prioritization of development interventions, while taking into consideration the roles for various urban and rural settlements. The programme also provides extensive support to GOPP and the New Urban Communities' Authority (NUCA) to align the planning and design of new cities to international principles to ensure inclusive, competitive, equitable, productive and sustainable form of urban development. The New Alamein city and Ras Al Kekma in the North West Coast illustrates the integration of spatial analysis with value and supply chain analysis, to create a new urban community with a strong economic base capable of creating jobs and attracting investment opportunities that will in turn attract the targeted population and ensure a sustainable urban development process in this area. This shift in planning approach of new cities is now adopted by the Government.

## **2. Enhanced shared prosperity of cities and regions**

17. UN-Habitat Egypt uses pilot interventions and evidence-based findings to feed the national policy advice provided to the government. This has helped the country office to show case the strong potential to reverse existing urbanization challenges into development opportunities. For example, high population growth and density previously seen as development challenges, if well managed can lead to better social interactions that catalyze knowledge, investments, job creation, and socio-economic welfare.

18. This is clearly reflected in the technical support that UN-Habitat provides to the Government to draft *Egypt National Urban Policy (NUP)* with the main objective to develop a common vision and goal that promotes more transformative, productive, inclusive and resilient urban development for the long term. The NUP advocates for effective urban development principles, financial tools and supported governance structures to create shared prosperity of cities and regions. An important element in the NUP is addressing the imbalance in the system of cities, in terms of population size and competitiveness. Additionally, the Egyptian NUP closely addresses impacts of national connectivity, urban rural linkages, empowering Local economic development on the overall value of urbanization.

19. UN-Habitat is also using its extensive work on local finance management in a number of governorates (currently in Qalyoubeya, and Quena and in Assiut in 2020) to provide effective advice on advancement of responsive local administration that is empowered to deliver basic services and public goods in an effective manner. This is achieved through revitalizing local funding mechanisms, land value capture tools, and support central and local public finance management and allocation tools.

20. Finally, the programme is also supporting the government to advance *smart cities* guidelines for benchmarking and application of smart solutions in Egyptian cities. This programme is to be applied in both existing and new cities in strong partnership with national technical institutions, public and private universities and research centers, development partners and the private sector.

## **3. Strengthened climate action and improved urban environment**

21. Based on the priorities of Egypt stated in Egypt's 3rd national communication to the UNFCCC (2016) and Egypt's National Strategy for Adaptation to Climate Change and Disaster Risk Reduction (2011) UN-Habitat in Egypt exerts significant efforts to mainstream climate change in the urban planning and monitoring processes.

22. The programme works closely with the Ministry of housing (General organization for Physical planning) and UNDP to ensure mainstreaming of climate change in urban planning guidelines and tools to ensure more climate resilient Egyptian cities and human settlements. The programme is also supporting monitoring of climate change information in Delta Cities through its efforts to set up urban observatories. This information shall guide a set of policies and recommendations for an improved climate change mainstreaming in the urban sector, and specific climate change actions that need to be integrated in future city planning and management, and infrastructure codes and standards.

23. The programme in Egypt is also currently coordinating with the Ministry of Environment to support Egypt in achieving its national and international climate change commitments through support to knowledge creation on climate change impact, supporting existing coping capacities for disaster risk reduction at the community level in priority areas, and the development of buildings and infrastructure that take climate change risks into account.

24. Additionally, UN-Habitat Egypt is currently supporting the Ministry of Local Development with an integrated development plan for Saint Catherine zone to ensure the protection of its heritage and ecological assets.

#### 4. Effective urban crises prevention and response

25. In Egypt, multiple national and regional socio-economic and political transformation lead to alarming rates of internal and external migration. Most of these migrants inhabit peri-urban expansion areas (that can often be informal) or neighborhoods within new cities, especially in the Greater Cairo Region. This fast change in such demographic formulation of cities called for a more inclusive analysis of urban growth and regeneration from a social cohesion lens. UN-Habitat in Egypt worked in close cooperation with the Regional Refugees Response Plan for Syrian Refugees (3RP) team to support inclusive livelihood and equitable access to housing and basic services for both receiving and migrating communities. UN-Habitat Egypt is also currently working with a number of UN agencies to demonstrate the impact that a better-balanced system of cities and regions on internal can have on migration.

26. This is also envisioned to be strengthened through the implementation of the national housing strategy components that strongly support inclusive and equitable access to affordably and adequate housing. Additionally, the guidelines and tools provided through the *Participatory citywide urban upgrading programme in Egypt* will enable a more effective and inclusive model for urban upgrading and inclusive services provision. The close support to implementing this approach will support advancement of the rights of all residents during upgrading process and ensure that all inhabitants share the values created as a result of these development processes.

27. An important objective of the programme is also to promote inclusive urban upgrading and preventing strategies that go beyond physical and environmental improvements and ensure that all neighborhoods are integrated into the political, social, cultural and economic dimensions of cities with a lens to reducing urban poverty and inequalities and leaving no one behind.

## IV. Selected Projects

### 1. Hayenna – Integrated Urban Development Project

**Budget: US\$ 8.4 Million; Donors: The Swiss State Secretariat for Economic Affairs (SECO), US\$ 3 Million from Govt funding; Duration: 2018-2023**

28. Through close implementation and testing in three pilot governorates, this project works closely with local authorities to enable effective engagement of local communities using decentralized land negotiation tools and empower local authorities to effectively and efficiently plan and capture the value of urbanization specifically in urban expansion areas. This will also be re-enforced through development and application of local finances mechanism in addition to transparent and effective urban planning and design and land management, improved public financial management and land-based financing, and Urban policies and regulations. The project is envisioned to achieve improved land management, detailed planning and infrastructure provision and improve Public finance management and land-based finance.

### 2. Supporting innovation in Water and sanitation in Egypt

**Budget: US\$ 1.6 Million; Donors: Coca-Cola company, Replenish for Africa and the Government of Egypt; Duration: 2019-2021)**

29. The project aims to support improved and equal access to clean water and sanitation through testing and scaling up of innovative water and sanitation solutions. The project includes extensive research and capacity building to enable planning, implementing, and sustaining interventions. This project closely aligns with the Egyptian vision and national campaigns to raise awareness on consumption patterns and emphasize on the importance of alternative solutions and community participation. The project builds on a pilot intervention which served more than 180,000 inhabitants with clean water with 5% of the traditional cost while being more resilient to climate change and environmental hazard. Today, more than 500,000 beneficiaries benefit from the replication of the pilot based on the prepared National feasibility study and plan by UN-Habitat. UN-Habitat was accordingly

requested by the Government to replicate the concept in the sanitation sector adopting the shift in the thinking towards a more impact and knowledge-based planning and budgeting.

### 3. The Bus Rapid Transit (BRT)

**Budget: US\$ 1.4 million; Donors: New Urban Communities Authority NUCA, UN-Women; Period: 2019-2021**

30. The project is in line with the paradigm shift led by UN-Habitat to emphasize that mobility is about accessibility and not just transportation. The BRT project aims to improve public transportation by planning, designing, and tendering for the first Bus Rapid Transit (BRT) system linking new communities to Cairo. This project shall reduce reliance of personal motor vehicle. The BRT is expected to carry 126,000 passengers per day, through its express and regular services. UN Habitat championed the establishment of a Public Transport Regulatory Unit to organize the new cities' transport networks and drafting its mandate, under the working structure of the New Urban Communities Authority (NUCA).

## V. Issues for discussions

- (i) How to mainstream and accelerate reforms and policy support provided to GoE to promote sustainable urban development?
- (ii) How to take advantages of ongoing urbanization to propose active measures to develop a more effective system of cities to improve the urban competitiveness and productivity of Egyptian cities as an alternative approach for sustainable urbanization?
- (iii) How to prioritize and balance investments allocation to new and existing cities to support a more balanced population distribution with equitable access to adequate services and ability of new cities to create income and job opportunities?
- (iv) Unemployment is one of the key economic and social challenges with an unemployment rate of more than 10 per cent and rates for youth and women that are almost twice as high. 80% of jobs are created in cities. How to use this as acceleration point?
- (v) How can the national housing strategy help in addressing the problem of vacant units and avail them to the market, and how could this also address the continuous growth of informal areas?

## B. Mexico Country Programme

### I. Background

31. Mexico is a middle-income country with a new government committed to the implementation of the global development agendas that values multilateral work and recognizes UN-Habitat normative and operational work. The government is implementing large scale, transformative projects, that are addressing national pressing issues, such as poverty, inequality, low economic growth and territorial disparities in the country.

32. These projects have a strong linkage to UN-Habitat Strategic Plan 2020-2023 and particularly to the Domains of Change 1 (Reduced poverty and spatial inequality in urban and rural communities), 2 (Enhanced shared prosperity for cities and regions) and 4 (Effective urban crises prevention and responses).

33. Moving to an upper middle-income country and being part of the Organization for Economic Cooperation and Development (OECD), bilateral technical cooperation in Mexico does not depend any more on donor support, but on counterpart/client relations that place strong demands with high delivery expectations to UN-Habitat.

34. For the last 3-4 years UN-Habitat has developed technical cooperation based on normative/operational work, related to the implementation of UN-Habitat City Prosperity Initiative (CPI) in more than 300 municipalities and urban agglomerations in the country. This work produced a critical mass of data and information, that positioned Mexico as a led government in the implementation of this global normative framework. In addition to taking advantage of the unique base line on urban prosperity established through CPI, the current government has requested the Agency to provide technical and substantive support in strategic projects that are part of its Development Plan.

## II. Working as a ‘solution agent’

35. Currently, the work of UN-Habitat in Mexico is mainly focused on the following strategic areas where the Agency has the greatest comparative advantage:

- (i) regional and urban planning to support economic growth and shared prosperity and to address territorial inequalities;
- (ii) supporting the development of policies, plans, city-visions and community planning to local governments through advisory services, guidelines and capacity development;
- (iii) providing technical solutions to local governments in the area of basic service delivery, land and housing, and public space to reduce spatial inequalities and poverty;
- (iv) providing the central government and local authorities with the necessary evidence and technical inputs for decision making and for results and impact evaluation.
- (v) Connecting urban development to SDGs implementation in cities having the CPI.

36. UN-Habitat in Mexico is maximizing the interaction between normative and operational work, strengthening relations between Headquarters and the regional and country office<sup>1</sup>, contributing to connect the Domains of Change of the Strategic Plan, and creating conditions to possibly develop a Multi-Country Office for Mesoamerica (Mexico, Central America and the big Caribbean Islands).

37. The increase of the portfolio from an annual budget of around US\$ 1 Million to US\$ 8 Million in less than six months is a clear recognition of UN-Habitat Office in Mexico as a respected partner, an agency of excellence and innovation and an organization that generates specialized knowledge, supported by cutting-edge analysis and ad hoc norms and guidelines.

## III. Projects and Activities

38. UN-Habitat has the honor and great responsibility to be involved in one of the major projects of contemporary history of Mexico: ‘The Train Maya’. This is an integrated regional development project for the Southern part of Mexico that has been historically marginalized. It covers five federal states (Campeche, Chiapas, Tabasco, Yucatán and Quintana Roo) and 18 municipalities where the train stations will be located. UN-Habitat provides technical support to FONATUR – the institution in charge of the project – formulating a comprehensive regional and urban planning strategy for the development of a regional corridor that aims to achieve shared prosperity and well-being in the region. This initiative strongly connects to Domain of Change 2 of the Strategic Plan.

39. Building on the CPI work in the country, UN-Habitat is providing technical assistance to state and local governments, such as Mérida, Reynosa, Querétaro, Zapopan, San Nicolás de los Garza, among others, providing them with tools for decision making, and the formulation of planning instruments, based on the evidence generated by the index.

40. Supporting the central government in its efforts to bring housing at the centre of urban development policies, UN-Habitat is providing specialized technical support to Infonavit (largest mortgage housing institution in Latin America) and SEDATU (Ministry of Urban Development and Housing) in addressing the challenge of abandoned houses in the country.<sup>2</sup> UN-Habitat is also providing support in the elaboration of a comprehensive strategy of housing and urban development from a human rights-based approach.

41. In addition, UN-Habitat and the Ministry of Foreign Affairs are currently working on a potential collaboration on ‘Migration and Cities’, which aims to strengthen the territorial dimension and local actions from ECLAC’s Integral Development Plan for El Salvador-Guatemala-Honduras-Mexico. This initiative will contribute to the Domain of Change 4 of UN-Habitat Strategic Plan.

## IV. Normative and operational work

42. UN-Habitat Mexico, with strong *support* from the Regional Office, has developed a novel approach for the implementation of the New Urban Agenda called “The Value Chain from Plans to Projects”. Using an agreed method and indicators based on the City Prosperity Initiative (CPI), cities

<sup>1</sup> Refer for instance to the Expert Group Meeting that brought 10 Habitat experts from HQ to Mexico and the subsequent work of three sub-programmes with the country office with regards to the “Train Maya” regional initiative.

<sup>2</sup> It is estimated that there are around 5 million abandoned houses in Mexico.

can assess their weaknesses, strengths and opportunities, producing diagnosis that allow them to infer key actions and programmes that are necessary to increase their prosperity and sustainability. The evidence produced is connected to planning mechanisms that permit to develop a more granular vision of the space, which allows to formulate shared visions, strategies and plans, as well as bankable Urban Integrated Operations.

43. CPI and the ‘Value Chain’ connects in a very organic manner *data-knowledge-policy formulation-monitoring*, which in turn serves to articulate policy, planning and financing on key urban development areas, such as public space, basic service delivery, land and housing, local economic growth to improve quality of life.

***The CPI in Mexico – working at the national urban scale***

The CPI was carried out in Mexico between 2015 and 2018, with the aim of creating accurate knowledge of the prosperity conditions of Mexican cities, while delivering tools to local governments for analyzing, planning and monitoring urban policies geared towards the implementation of the Agenda 2030 for Sustainable Development. As a result, Mexico counts with CPI basic reports for 305 Mexican municipalities that comprise 90% of the urban population in the country; three CPI extended reports for three important municipalities (Mérida, Querétaro, Zapopan), and; three CPI extended reports for the three most important urban agglomerations in Mexico (Ciudad de México, Monterrey, Guadalajara)

44. The CPI programme in Mexico is currently contributing to the development of a global UN-Habitat flagship programme called “SDG Cities” that connects normative and operational work through city diagnoses that support strategic planning and the combined efforts of the UN system towards a significant acceleration of urban SDG achievements by 2030. The Mexican Government has expressed interest to host this global flagship programme.

## V. Time and resources

45. The ongoing projects and hard pipeline are planned to be implemented during the period 2019-2023 with an estimated budget of US\$ 14,700,00 USD<sup>3</sup>. The most important ongoing project is the Regional Corridor Tren Maya (US\$ 5.5 Million) and hard pipeline projects are Quintana Roo urban planning interventions (US\$ 1.2 Million), San Nicolás de los Garza city vision and planning (US\$ 0.5 Million) and Migration and Cities in the Mexican southern border and the northern countries of Central America (US\$ 7.5 Million).

## VI. Issues for discussion

- (i) **Strong dependence on consultants.** UN-Habitat Mexico office has personnel of 30 to 40 people. With the exception of the Director, all are consultants. This situation presents challenges to the continuity of the projects, learning, and trust within the counterparts. In order to overcome the challenges that this situation generates, the office has strengthened relations between Mexico Office and Headquarters staff, but this is not a sustainable solution due to high costs. There is need to consolidate the Multi-country Office through the allocation of core resources that allow to maintain a core team composed of international and national staff.
- (ii) **Important administrative and operational bottlenecks.** Slowness in the process of hiring and other administrative issues affects and compromises the effective delivery of projects and the capacity to adjust to the changing reality of the projects and the demands of the counterparts. This also affects the reputation of the Agency. The solution is developing a business model that can opt regularly for administrative and operational backstopping mechanisms offered in situ by other UN entities.
- (iii) **Great opportunities to take a regional/global lead.** Based on the work undertaken in Mexico on the City Prosperity Index (CPI), there is an important window of opportunity to for the Mexican Government to host the “SDG Cities” (Urban 2030) flagship programme. Mexico, both at national and local levels, has demonstrated leadership in the implementation of the New Urban Agenda, and strong interest in supporting multilateralism, as evidenced by holding the Presidency of the Habitat Assembly and hosting the World’s Habitat Day 2019.
- (iv) **Consolidation of a Multi-Country Office.** The dynamic of the work in Mexico, the need to address sub-regional challenges such as migrations, the emerging importance of the country, the substantial increase of funding, and the prominent role that the country is playing in

<sup>3</sup> The amount includes the ongoing and hard pipeline projects.



multilateral affairs, creates a good opportunity to consolidate the multi-country potential of the office, covering operations and technical assistance for Mexico, Central America, Cuba, Dominican Republic and Haiti. This is completely in line with current plans to transform the UN-Habitat organizational structure and would need of allocation of core staff to Mexico City.

- (v) **Active presence in UNTC and the formulation of the UN National Cooperation Framework.** Although represented mostly by consultants, UN-Habitat has had a strong presence in the preparation of the Cooperation Framework for 2020-2025, proposing strategic lines and priority actions close to UN-Habitat's mandate. It is important to consider the of human and financial resources implications of these engagements.

## C. UN-Habitat's engagement with the Climate Change Adaptation Fund

### I. Background

46. Cities are the source of a significant portion of global greenhouse gas emissions and concentrate large populations and socio-economic infrastructures that are affected by climate change impacts. It is this crucial relevance of climate change for the sustainable development of cities that guides UN-Habitat's continuously evolving work towards low-carbon and resilient cities. It is this specific urban and human settlements focused angle that UN-Habitat contributes to the UN's work on Climate Change, guided of course by the UN Framework Convention on Climate Change (UNFCCC), and complementary to efforts by our sister Agencies UNEP, UNDP, FAO and others.

47. UN-Habitat's Climate Change Work is anchored in, and coordinated by, the Climate Change Planning Unit (CCPU) in the Urban Planning and Design Branch, but significant operational projects and normative work is carried out by other Branches and Regional Offices as well. The Urban Basic Services Branch, for example, works on low-carbon transport, renewable energy and efficient water, sanitation and waste services, and resilient infrastructure. The Urban Economy Branch is active in the field of Climate Finance, to name a few. Almost all Regional Offices have country-focused or regionally active climate change projects. Based on policy and planning work conducted at the country level global and regional tools have been shaped.

48. The Climate Change Technical Support Team (TST) is a regular coordination mechanism to harmonize UN-Habitat's approaches, provided updates and discuss relevant development in the sector. Climate Change is one of the four cross-cutting themes of the Agency and the cross-agency involvement in both operational and normative work is testament to that status.

### II. UN-Habitat's Evolving work on climate change

49. UN-Habitat's first Climate Change projects can be traced back as early as 2006, and UN-Habitat's Flagship Cities and Climate Change Initiative (CCCI) – supported by Norway and Sweden - started in 2008, focusing on supporting mainly secondary cities in developing countries address the climate challenge, as well as develop normative products, tools and methodologies that guide the Agency's work and partners. The Agency-wide portfolio grew continuously and globally, as did UN-Habitat's normative work and advocacy in important global climate change fora, like the multiple annual UNFCCC meetings like the Conferences of Parties (COP) and the UN Secretary General's Climate Summits in 2014 and 2019<sup>4</sup>.

50. UN-Habitat's work on climate change has always involved supporting cities to adequately assess risks and vulnerabilities and lately quantify their greenhouse gas emissions and develop plans and actions for countering those risks and emissions in climate action plans or low carbon development strategies. Around 2016, our work has been enhanced through one very crucial element, and that is UN-Habitat has systematically begun to access and mobilize climate finance to implement some of the plans and measures developed with cities and communities. The development of the Climate Finance mechanisms, the most prominent being the Global Environment Facility (GEF), the Green Climate Fund (GCF) and Adaptation Fund (AF), is continuously improving the financing of climate action in developing countries. The increasing focus of the global climate change discourse on the crucial role of cities allows for increased access from urban stakeholders to those funding mechanisms, which are almost exclusively country-driven, project-based grant financing mechanisms. Reflective of the above, UN-Habitat is pursuing accreditation – a prerequisite to access funding - to all

<sup>4</sup> UN-Habitat's engagement regarding the Secretary-General's 2019 Climate Action Summit is scheduled as an agenda item of the Executive Director's briefing to Member States on 30 September 2019.

three of the mentioned Institutions. The first one for which UN-Habitat has been granted accreditation was the Adaptation Fund, accreditation process for the other two are ongoing.

**The Adaptation Fund** was established under the Kyoto Protocol of the UN Framework Convention on Climate Change, and since 2010 has committed US\$ 564 million to climate adaptation and resilience activities, including supporting 84 concrete adaptation projects. Helping the most vulnerable countries and communities is an increasing challenge and imperative for the international community, especially because climate adaptation requires significant resources beyond what is already needed to achieve international development objectives. The Fund is financed in part by government and private donors, and also from a two per cent share of proceeds of Certified Emission Reductions (CERs) issued under the Protocol's Clean Development Mechanism projects. For more detailed information, see: [www.adaptation-fund.org](http://www.adaptation-fund.org)

### UN-Habitat's Adaptation Fund portfolio and pipeline

51. The Adaptation Fund was created to support countries' in their effort of building resilience and adapting the most vulnerable communities to climate change impacts, hence the Fund focuses on concrete and local adaptation projects in affected communities. UN-Habitat has been accredited as a Multilateral Implementing Agency to the Adaptation Fund in August 2015 and started developing the first project concepts in early 2016.

52. By September 2019, UN-Habitat has six approved projects totaling approximately US\$ 37 Million in Asia-Pacific (5) and Africa (1), and a pipeline of further eight (8) submitted projects in various formal stages of endorsement by the fund (total value approximately US\$ 82 Million. Progressively, UN-Habitat is aiming to achieve a balanced regional coverage of single-country and regional proposals.

53. For single-country proposal, for which the bulk of the Adaptation Fund's support is reserved and capped at 10 million per Non-Annex 1 country, the Fund has a two-tier project development and approval process involving (i) endorsement of a project concept, and (ii) approval of a full project proposal. The duration from first submission to approval for single-country proposals has typically been 25 months.

54. The AF has also a window for regional proposal, for which a three-tier process applies, (i) pre-concept and (ii) concept endorsement, and (iii) approval of the full project proposal. In the case of our approved regional project for East Africa, this process took 40 months. For regional projects, the Adaptation Fund offers a Project Formulation Grant of US\$ 100,000.

55. Projects typically include small policy, planning and capacity development components, with the bulk of investments (60-80%) mandated to be dedicated towards adaptation infrastructure construction, examples being drainages, access roads, Water Sanitation and Health (WASH) infrastructure, flood protection, community evacuation centers, bridges, and erosion protection.

<b>Approved projects</b>		
<b>October 2016</b> - ROAP - Lao PDR	Enhancing climate and disaster resilience of the most vulnerable rural and emerging urban human settlements in Lao PDR	\$ 4,500,000
<b>October 2017</b> : ROAP - Fiji	Increasing the resilience of informal urban settlements in Fiji that are highly vulnerable to climate change and disaster risks	\$ 4,235,995
<b>October 2017</b> : ROAP - Solomon Islands	Enhancing Urban Resilience to Climate Change Impacts and Natural Disasters: Honiara, Solomon Islands	\$ 4,395,877
<b>July 2018</b> : ROAP - Mongolia	Asia-Pacific: Flood Resilience in Ulaanbaatar Ger Areas - Climate Change Adaptation through Community-Driven Small-Scale Protective and Basic-Services Interventions	\$ 4,495,235
<b>March 2019</b> : ROAP – Lao PDR	Building climate and disaster resilience capacities of vulnerable small towns in Lao PDR	\$5,500,000
<b>March 2019</b> : ROAf - Madagascar, Malawi, Mozambique, Comoros	Building urban climate resilience in south-eastern Africa	\$ 13,997,423
	<b>Total Value</b>	<b>\$ 37,124,530</b>
<b>Selected projects under development</b>		
	Improved Resilience of Coastal Communities in Cote d'Ivoire and Ghana	14 M
	Increasing the resilience of displaced persons (DPs) to climate change-related water challenges in urban host settlements in Jordan and Lebanon	14 M

Increasing resilience of the education system to climate change impacts in the Eastern Caribbean region (Antigua & Barbuda, Dominica, Saint Lucia)	14 M
Urban water harvesting and flood management nexus in Nowshera and Rawalpindi, Pakistan	6.1 M
Enhancing the resilience [...] in the coastal regions of the Mekong Delta (Vietnam)	5 M
Increasing flood and drought resilience in Khartoum metropolitan area [...]	10 M
Climate change adaptation through protective small-scale infrastructure interventions in coastal settlements of Cambodia	5 M
Urbanization and Climate Change Adaptation in the Caspian Sea Region (Iran and Azerbaijan)	14 M

### III. Linkages with the current and upcoming strategic plan

56. UN-Habitat's current strategic plan, under Subprogramme two, has called for great emphasis on planning for climate change, and on advocacy at the global levels, with a view to foster greater attention on cities in the climate change discourse. The Agency's resulting understanding of specific urban and human settlements' vulnerabilities and the plans and strategies to address those vulnerabilities, plus our increasing understand and connectedness with international processes and mechanisms have enabled UN-Habitat to foster a constructive partnership with these international climate funding mechanisms, a prerequisite to seek accreditation and access more formally. The current strategic plan and guidance by member states has therefore 'prepared the ground' for our successful engagement in this field.

57. Looking ahead, the new strategic plan 2020-2023 reflects the continuing growth of normative and operation work in the area of climate change, and the agency wide approach to climate action. Climate Change will be anchored in the third domain of change **strengthened climate action and improved urban environment**, with the Adaptation Fund portfolio firmly supporting the outcome area three on effective adaptation of communities and infrastructure to climate change.

### IV. Integration of our normative and operational work

58. UN-Habitat's Adaptation Fund portfolio integrates the Agency's normative and operational work at the country level towards effective adaptation of communities and infrastructure to climate change. Project proposals originate from UN-Habitat's 'downstream' technical assistance work in human settlements, encompassing (a) spatial and socio-economic analysis and assessments (e.g. city-wide or informal settlements focused climate change risk and vulnerability analyses), (b) participatory urban planning and climate action planning processes, and (c) close dialogue on urban issues with partner national and subnational governments and civil society. Adaptation Fund projects are built on existing city engagements, where climate risks have been identified, and climate solutions developed, with the project proposals then being the means to implement part of those climate action plans. Moreover, a relationship of trust with the National Designated Authority to the Adaptation Fund is essential as proposals require focal point sign off prior to submission.

59. The focus and subject of Adaptation Fund proposals is also closely aligned to UN-Habitat's normative work, building on many of our recent global publications, our core tools and methodologies. UN-Habitat's review<sup>5</sup> of national climate commitments under the Paris Agreement highlighted countries urban adaptation focus, projects directly respond to these commitments (and our findings of such). The ability to mobilize the required national support to attract climate finance largely depends on our ability to integrate<sup>6</sup> urban and human settlements issues in national climate planning and commitments. Climate change is predicted to greatly affect the poorest people in the world, who are often hardest hit by weather catastrophes, and in the spirit of 'addressing the most vulnerable first'<sup>7</sup>. The AF Project Pipeline is built on this premise and addresses adaptation needs of poor vulnerable communities.

60. Without our existing long-term operational and normative work, the engagement with the Adaptation Fund would not have been yielding the present results in such short time. Also, without such engagement and resources available, the project proposals would have been difficult to develop on a stand-alone basis as the data, information and consultation requirements for project proposals are significant.

<sup>5</sup> Sustainable Urbanization in the Paris Agreement: <https://new.unhabitat.org/paris-agreement>.

<sup>6</sup> Integrating human settlements issues into National Adaptation Plans: <https://new.unhabitat.org/node/142444>.

<sup>7</sup> Pro-poor Climate Action in informal settlements: <https://new.unhabitat.org/pro-poor-climate-action-in-informal-settlement>.

## V. Issues for discussion

- (i) **Ensuring continuity in the engagement with the Adaptation Fund:** Building and nurturing an institutional partnership with the Adaptation Fund has required a number of crucial elements to play together, including sustained engagement in international climate change forums, both raising the profile of our operational climate work and improving our understanding of priorities and avenues for engagement; an internal exchange and learning process involving a team of climate focal points dedicating and sharing resources to build a knowledge base for successful engagement; and continuous improvement of tools and systems to support project formulation and implementation, such as the development of an Environmental and Social Safeguards System.
  - (ii) **Pursuing accreditation to other climate fund as a priority for UN-Habitat in 2020-2023:** The Adaptation Fund is the smallest of the three Climate Funds, and only targeting climate change adaptation. Accreditation to the much larger GCF and GEF would open up a new range of possibilities and magnitude of funding previously unavailable. Accreditation to these funds requires support of key partner governments, resources and senior management leadership to build institutional relationships, and the further development and fine tuning of internal policies, processes and systems. Investment of resources in this area would be transformative for the agency.
  - (iii) **Institutionalizing the project identification and formulation process:** Identifying and formulating the projects and developing the project proposals requires resources and increasingly specialized skillsets to result in successful projects. Significant time of staff and specialized consultants is required for each proposal, in addition to what may be raised through project formulation grants. A dedicated ‘project development facility’ could act as an in-house service center to better serve all regions and thematic areas. In addition, stronger linkages need to be built between the upstream normative work on climate change and the Adaptation Fund project portfolio.
  - (iv) **Scaling up and changing roles from implementing agency to facilitating agency:** Moving forward, as UN-Habitat aims to achieve accreditation with the Green Climate Fund, the nature and scale of projects suggests that UN-Habitat may not be able to implement the full project outputs and activities alone, but could move into a role as facilitator, matching local adaptation needs with national and international funding priorities and mobilize key partners to implement large projects. This requires scaling up our project management capacities, our dialogue with national governments, our procurement and contracting procedures, and our ability to apply rigorous social and environmental safeguards in project implementation.
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