UN⊛HABITAT

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of the United Nations Human
Settlements Programme**

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**Activities of the United Nations Human Settlements
Programme, including coordination matters**

Review of the governance structure of the United Nations Human Settlements Programme, phase III

Note by the Secretariat

Summary

1.   The present report is submitted pursuant to resolution 22/5 of 3 April 2009 on the governance of the United Nations Human Settlements Programme (UN-Habitat). The resolution "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". The objective and expected outcome of the report, as per terms of reference prepared jointly by the secretariat and the Committee of Permanent Representatives, are to assess the current UN-Habitat governance structure within the wider United Nations system and to propose options for improvement.

2.   The report is divided into four sections. The first provides a summary of the key governance challenges facing UN-Habitat identified by a joint implementation team comprising members of UN-Habitat and of the Committee of Permanent Representatives. The second provides an overview of existing governance structures and systems, in addition to emerging trends in the wider United Nations system.

3.   The third section proposes a set of governance options, based on how the salient characteristics of various governance systems could contribute to tackling the issues and challenges arising from UN-Habitat efforts to implement its medium-term strategic and institutional plan and improve its current governance structure. The fourth section provides an assessment of what each option could bring in terms of potential improvements to the governance of UN-Habitat. The report has not been formally edited.

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*   HSP/GC/23/1.

I.   Introduction

4.   The current report is submitted pursuant to Resolution 22/5 entitled "Governance review of the United Nations Human Settlements Programme". This resolution "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".

5.   The objective and expected outcome of this report, as per Terms of Reference prepared jointly by the Secretariat and the CPR, are: "to assess UN-Habitat's current governance structure within the wider UN system and to propose options for improvement".

6.   The report is based on the review of official documents; consultations with key officials and staff of various UN bodies, agencies, funds and programmes; consultations with representatives of member States; meetings with members of the Implementation Team on UN-Habitat Governance[1]; meetings with UN-Habitat staff members at headquarters and elsewhere; and the consultant's knowledge of the UN system and working experience with UN-Habitat. A list of principal officials consulted is contained in Annex A. Key documents which should be consulted in conjunction with the current report include:

        (a)   Efficiency and effectiveness of the Governance situation of the United Nations Human Settlements Programme, note by the Executive Director [2]

        (b)   Terms of reference for Phase III of the Governance Review[3]

7.   The report is divided in four sections. The first section provides a summary of the key governance challenges facing UN-Habitat. These are further elaborated in various sections of the report.

8.   The second section provides an overview of the governance structures and systems that currently exist as well as trends that are emerging in the wider UN system.

9.   The third section proposes a set of "governance options". These options are based on how the salient characteristics of different governance systems could contribute to addressing the issues and challenges arising from UN-Habitat's efforts to implement its Medium-term Strategic and Institutional Plan and improve its current governance structure.

10.   The fourth section provides an assessment of what each of these options could bring in terms of potential improvements to the governance challenges that are facing UN-Habitat.

II.   Summary of governance challenges facing UN-Habitat

11.   The following key governance challenges were identified and agreed to by the Implementation Team upon concluding the second phase of its work in November 2010:

12.   Multiple and complex lines of authority;

        (a)   Overcomplicated work programme, budget and administrative process due in large part to dual governance structure;

        (b)   UN-Habitat - UNON relationship;

        (c)   Composition of representation of member States on the Governing Council;

        (d)   Insufficient oversight on important elements of UN-Habitat activities;

        (e)   Decision-making process not promoting timely, responsive and flexible action by the organisation.

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1   The Implementation Team refers to a team consisting of representatives of the CPR and of UN-Habitat that was established in response to GC Resolution 22/5 to work jointly on identifying and implementing a series of quick wins, and longer-term improvements to the governance system of UN-Habitat.
2   HSP/GC/22/2/Add.3
3   Report of the UN-Habitat-CPR Workshop held on 11 November 2010

13.   Additional issues that were identified and discussed in the course of meetings with the Implementation Team in preparing this report include:

(a)   The role and mandate of the Committee of Permanent Representatives (CPR);

(b)   The importance of the governance system vis-à-vis the effectiveness of UN-Habitat in carrying out its mandate;

(c)   UN Secretariat rules and regulations.

14.   While the above challenges and issues are inter-linked, they can also be clustered under the generic issues of accountability, transparency, effectiveness and efficiency.

15.   Thus the complex and multiple lines of authority and insufficient oversight on important elements of the UN-Habitat activities, especially at country level, are both relevant to the issues of accountability and transparency.

16.   The complicated and lengthy process for preparing and approving the organisation's work programme and budget and the lack of machinery to approve changes in the budget and priorities in the course of the biennium clearly affect efficiency in decision making and effectiveness in management. These challenges are further compounded by difficult working relations with UNON and compliance with UN Secretariat rules and regulations, both of which affect programme delivery.

17.   Elevating the importance of sustainable urbanisation in national and local policies and international debate is one of the key objectives of UN-Habitat's Medium-term Strategic and Institutional Plan. To do so effectively requires a governance system that reports to the highest level of the UN system and is capable of mobilising and convening all of the key actors that have a stake in the urban agenda.

III.   Existing models and emerging trends of governance in the UN system

18.   There are well-established governance systems and structures in the UN system as well as new ones that are emerging. Many of the established structures have been subject to change over time while new ones are capitalising on lessons learned while responding to new challenges and realities.

19.   While the Executive Board appears to be a dominant "model" for most of the Funds and Programmes of the UN system, there are also new developments and trends. Well-established systems are also engaged in periodic fine-tuning.

20.   The above observations bear several implications in considering options for improving the governance for UN-Habitat. One overarching implication is that improving the governance of entities of the UN family is very much an ongoing concern. Well-considered changes to governance systems and structures are to be seen as welcome contributions to ongoing reform; to supporting efforts towards system-wide coherence; and where applicable, to "Delivering as One".

21.   Another implication is that there are several options to choose from, including the possibility to "mix and match" and to innovate.

22.   The following paragraphs attempt to provide a synthetic overview of existing models and some emerging trends.

A.   Entities with a Governing Council structure

23.   UNEP and UN-Habitat are programmes that share a similar governance structure within the UN Secretariat.[4] Both have Governing Councils which are subsidiary bodies to the General Assembly. These Councils are comprised of 58 member States [5] that meet once every two years to provide overall policy guidance and approve work programmes and budgets. Reports of these Governing Councils are submitted to the General Assembly via ECOSOC. Decisions taken by the Governing Councils are in the form of resolutions.

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4   UNDP, UNFPA, WFP had their governing bodies reconstituted as Executive Boards in parallel decisions by the General Assembly, and in the case of WFP with a joint decision by the General Assembly and the Conference of the FAO, in 1996. UNODC has a special governance structure reporting to a Commission on Crime Prevention and Criminal Justice and a Commission on Narcotic Drugs.

5   Serving for four year periods on a rotational basis determined by ECOSOC

24.   Both Programmes also report to inter-sessional subsidiary bodies to their respective Governing Councils. Known as the Committees of Permanent Representatives (CPR), they meet statutorily four times a year. Their role is to oversee the implementation of the Work Programmes and Budgets of UNEP and UN-Habitat, and to monitor follow-up to the decisions of their respective Governing Councils. The CPRs for UNEP and UN-Habitat also hold regular working group meetings and ad hoc informal consultations. They are not, however, vested with decision-making authority.

25.   In the case of UNEP a ministerial meeting is held in the intervening year which provides high level political guidance.

26.   Both UNEP and UN-Habitat benefit from a regular budget allotment from the UN General Assembly but rely primarily on extra-budgetary resources to implement their respective work programmes. The Executive Directors of both programmes report to their respective Governing Councils as well as to the 5th Committee of the General Assembly. Their respective strategic frameworks and work programmes and budgets undergo a complex system of preparation and approval involving, inter alia, the CPR, the ACABQ, the CPC, their respective Governing Councils, and the Department of Management (DM). In the case of UN-Habitat, unique reporting arrangements also apply to its ad hoc trust funds.

27.   Both UNEP and UN-Habitat rely on UNON as a sole provider for common services. These include human resources management, contracts and procurement, travel, security, conference services, etc. All three entities being part of the UN Secretariat, abide by Secretariat rules and regulations.

B.   Executive Boards, Executive Councils and Executive Committees

1.   Specialised agencies

28.   Executive Boards form part of the governance structure of several entities including specialised agencies. WHO, for example, holds an annual high-level World Health Assembly involving 192 member States. This Assembly provides overall policy guidance to the organisation. It also has an inter-sessional Executive Board of 36 member States that meets twice a year and is vested with decision-making authority. [6] In a similar vein, UNESCO receives its policy guidance for a General Conference once every two years while an Executive Board of 58 member States meets twice a year to oversee the work programme and budget. [7]

29.   The ILO comprises 183 member States as well as worker and employer organisations. This is reflected in its tripartite governance structure. An annual International Labour Conference establishes the overall policies and priorities for the International Labour Office and adopts international labour standards. Its subsidiary governing body is an Executive Council that meets three times a year and is made up of 56 titular members (14 representing employers, 14 representing workers and 28 representing governments). [8] The Council takes decisions on ILO policies and establishes its work programme and budget.

2.   Funds and Programmes

30.   The prevailing model for Funds and Programmes is the Executive Board, without an apex body as is the case of the specialised agencies mentioned above. UNICEF, UNDP, UNFPA and WFP[9] are each governed by an Executive Board comprising 36 regionally representative member States.[10] Their respective boards meet statutorily three times a year and are vested with decision-making authority. [11]

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6   Members are regionally representative and rotational, however, the regions for WHO differ somewhat from the regions of the UN Secretariat

7   The general Conference used to meet every year. This changed in 1952. The Executive Board meets at least twice a year. It members serve on a four-year rotational basis and governments are required to nominate people who have proven competencies in one or more of the key areas of work of UNESCO.

8   The Council also has 66 deputy members (19 representing employers, 19 representing workers, and 28 representing governments).

9   UNICEF was established in 1946 with an Executive Board. UNDP and UNFPA transitioned from UN Secretariat entities to an Executive Board system of governance in 1996. UNCDF and UNV are included under UNDP.

10   Members are regionally balanced and are generally elected for three year terms by ECOSOC. In the case of WFP, 18 members are elected by ECOSOC and 18 by the FAO.

11   Typically one annual meeting of 5 days duration and two regular meetings generally of 3 to 3.5 days duration.

31.   Of these three meetings, one is the Annual Meeting usually lasting one week, and the two others are known as regular meetings which last between 3 and 4 days each. Informal consultations are organised as and when necessary to help unpack issues and facilitate the smooth running of their respective annual and regular board meetings. Typically, the annual board meeting is held on alternate years at headquarters and in Geneva.

32.   A joint meeting of Executive Boards of Funds and Programmes is organised once a year in New York and currently involves the Bureaux members of the Executive Boards and senior staff of UNICEF, UNDP, UNFPA, WFP and UN Women[12.] This joint meeting is designed to facilitate coordination, the sharing of information, best practice and lessons learned.

33.   The Heads of these Funds and Programmes report once a year to ECOSOC and once a year to their respective Executive Boards. While their work programmes and budgets are submitted to the ACABQ for comments and recommendations, their Executive Boards are the sole approving and decision making authority to which the Executive Heads are accountable.

34.   Since 2002 UNDP and UNFPA have been engaged in "Improving Working Methods of the Board", an ongoing initiative designed to streamline reporting formats and procedures and to put more emphasis on strategic issues.

35.   An important characteristic of these Funds and Programmes is that they have their own rules and procedures and use outcome or results-based planning, management and reporting systems as opposed to the output-based system that applies to entities that form part of the UN Secretariat. Their rules and procedures are more flexible than those used by the Secretariat and are more conducive to ensuring timeliness, efficiency and responsiveness.[13] Their outcome-based reporting systems are also more conducive to results-based management.

36.   In the case of UNICEF, national UNICEF committees, which are non-governmental organisations, participate in Executive Board meetings without the right to vote.

37.   UNHCR, based in Geneva, is governed by an Executive Committee comprising 79 member States. Its subsidiary body is a Standing Committee which is made up of the same member States and is vested with decision-making authority. The Executive Committee meets once a year and the Standing Committee twice a year. The Standing Committee replaces two previous bodies, one for administrative and budgetary matters and the other for substantive (protection) issues, as it became apparent that the two matters could best be considered jointly. UNHCR also has its own rules and regulations which are designed to ensure timely response. [14] The decisions taken by its Executive Committee are in the form of outcomes.

3.   New hybrid systems and emerging trends

38.   UN Women (UNW) is the most recent creation of the UN system. It was established in July 2010 by the General Assembly. It merges and builds on several pre-existing entities namely the Division for the Advancement of Women (DAW), the International Research and Training Institute for the Advancement of Women (INSTRAW), the Office of the Special Advisor on Gender Issues and Advancement of Women, and the United Nations Development Fund for Women (UNIFEM). Its mandate is both normative and operational.

39.   It has a hybrid or multi-tiered governance structure. The General Assembly, ECOSOC and the Commission on the Status of Women (CSW) provide normative policy guidance, while an Executive Board, consisting of 41 regionally representative member States meeting three times a year, provides operational guidance and approves its work programme and budget.

40.   The Executive Board of UN Women has 5 more members than those of other Funds and Programmes. This is partly due to a new category of member known as Contributing Countries which includes both traditional OECD/DAC donor countries as well as donors among developing countries and emerging economies. This is a deliberate strategy to enlarge the donor base.

41.   The issue of civil society representation on the governing body of UN Women was part of the agenda in the discussions running up to the establishment of UN Women, but was subsequently deferred to speed up the decision-making process.

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12   WFP is based in Rome and also has its own board and rules and regulations.

13   While originally designed to enhance efficiency for operational activities, these rules and regulations are acknowledged as being more effective and efficient for all activities funded from extra-budgetary sources.

14   UNHCR and UNDPKO are two entities that have special provisions for responding to emergencies. These enable them to engage human and technical resources and financial reserves pending the normal budgetary approval process.

42.   While UN Women retains an allotment from the regular budget of the United Nations to service the CSW and to help carry out its normative mandate, the allotment takes the form of a grant. This obviates the need for UN Women to report to different structures and allows it to adopt rules and procedures that are used by Funds and Programmes.[15]

43.   UNAIDS is another entity that presents a unique governance structure and system. UNAIDS is designed to forge system-wide coordination and coherence in support of HIV/AIDS treatment and prevention and to leverage existing resources and partnerships to enhance effectiveness and impact.

44.   Its governing structure is a Programme Coordinating Board (PCB) made up of 10 co-sponsoring agencies, funds and programmes [16]; 22 governments on a rotational basis; and 5 civil society organisations (CSO) representing regional associations of people with HIV/AIDS, also elected on a rotational basis.

45.   UNAIDS presents a Unified Budget and Workplan combining the activities of its ten co-sponsoring agencies. This Workplan totals over $2.5 billion in resources and uses a common set of indicators of achievement for all co-sponsors. UNAIDS also produces a Global Report on AIDS every two years and reports to ECOSOC every two years. Its value added role has enabled it to mobilise an additional $500 million for the current biennium to fill in gaps and to enhance impact.

46.   Although CSO members complain about their non-decision-making role, a recent independent evaluation indicated that CSO members actually had considerable influence over the PBO as all decisions are taken by consensus and the culture of the PBO meeting is one where all members are treated as equals. It should be noted that co-sponsors also have no right to vote.

47.   Recently, the PBO of UNAIDS has recognised the need for the Secretariat to change its role and priorities as AIDS is no longer considered a pandemic and that capacities at country level are increasingly capable of ensuring the supply of drugs. Future work of the Secretariat will focus progressively more on advocacy, education, information, capacity building and vulnerable groups.

48.   In a similar vein, WHO is currently undertaking a strategic planning exercise, including a Global Health Governance Review, prompted in part by the fact that health care and health services are increasingly being provided by non-governmental entities and non-state actors. A key question that arises is how to engage non-state actors in, inter alia, coordination, the setting of norms and standards, and monitoring and evaluation.

IV.   Options for improving UN-Habitat's governance

49.   Several options can be derived from the above overview of governance structures and systems within the wider UN system. These include:

A.   Option 1: Increased frequency for governance oversight, guidance and decision-making

50.   UN-Habitat is the only programme in the UN system with a governing body that meets once every two years. UNEP, the entity closest to UN-Habitat in terms of governance structure, receives policy input and guidance on an annual basis. The vast majority of agencies, funds and programmes within the UN system have governing bodies that meet three times a year.

51.   While accountability and transparency cannot be attributed to the frequency of meetings alone, frequency does favour more sharing of information, more opportunities for debate on substantive issues, and the building of trust.

52.   An option for improving UN-Habitat's governance system would therefore consist of maintaining the current biennial cycle of the Governing Council focusing on approving UN-Habitat's work programme and budget, and organising a high-level non-legislative meeting back-t0-back with the World Urban Forum in alternate years, focusing on policy dialogue and strategic oversight.

53.   Such an option would allow UN-Habitat to receive strategic input and political guidance at least once a year. It could also address, at least partially, the issue of engaging broader representation of government in strategic issues pertaining to UN-Habitat's mandate.

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15   While UN Women is still in its transition phase, interviews with the transition team indicated that it intends to adopt the rules and procedures of UNFPA.

16   The co-sponsors include UNHCR, UNDP, UNICEF, WFP, UNFPA, UNODC, ILO, UNESCO, WHO and the World Bank

54.   This option could also address, at least partially, the issue of efficiency in decision making should the Governing Council delegate authority to the Committee of Permanent Representatives to take decisions regarding adjustments to work programme and budget in response to new opportunities or constraints during the inter-sessional period.

B.   Option 2: Increased frequency for governance oversight, guidance and decision-making and expanded membership of Governing Council meetings for UN-Habitat

55.   This option builds on and includes all of the improvements contained in Option 1 and goes one step further in recognising that UN-Habitat's governing body was a trend-setter when it proposed to the General Assembly to expand its membership to include a seat for local authorities. The emerging trends within the UN system and the active engagement of civil society organisations and the private sector in the World Urban Forum present a unique opportunity for the Governing Council to place itself once again at the forefront of UN reform.

56.   The inclusion of an updated list of Habitat Agenda partners[17] as members of UN-Habitat's governing body would enhance dialogue, strengthen the link between the World Urban Forum and the work programme of UN-Habitat and help ensure a truly participatory and inclusive preparatory process for Habitat III.

C.   Option 3: Executive Board or Executive Committee

57.   The Executive Board type of governance structure is a time-proven and tested option of governance for a wide range of agencies, programmes, funds and entities. Used as early as in 1946 as UNICEF's governance structure, it forms today a key component of the governance system for recently created entities such as UNAIDS and UN Women, as well as the inter-sessional decision making process for specialised agencies which hold high-level annual conferences or assemblies.

58.   The frequency of meetings and their ability to take decisions constitute perhaps the key characteristics of the Executive Committee type of structure. It provides entities being governed by such a system with frequent feedback and the ability to make timely changes to their respective work programmes and budgets.

59.   Should such a system be deemed suitable for UN-Habitat's governance structure, one solution would be to adopt the structure and frequency of meetings that are currently in use by most funds and programmes of the UN system. In line with Option 2 above, the composition of an Executive Board or Committee could be expanded to include Habitat Agenda partners. Such an Executive Board or Committee structure for UN-Habitat could thus be comprised of:

(a)   36 member States serving on a rotational basis, as determined by ECOSOC, meeting three times a year;

(b)   Up to five additional non-voting members representing an updated list of Habitat Agenda partners;

(c)   Participation of the Bureau of the Executive Board and of the executive head of UN-Habitat in the annual joint meeting of Executive Boards of UNICEF, UNDP, UNFPA, WFP and UN Women.

D.   Option 4: A Hybrid Structure

60.   The hybrid structure adapted to UN-Habitat would be very attractive in many ways. It would allow for the organisation to maintain visibility of the urban agenda at the highest level of the UN system. It could also allow for UN-Habitat to adopt more flexible and responsive rules and regulations for more efficient programme delivery.

61.   The adaptation for UN-Habitat could include:

(a)   A biennial Governing Council meeting of possibly shortened duration (4 days) comprising 58 member States with an expanded membership based on an updated list of Habitat Agenda Partners. This meeting would convene in odd years, as it does now, and report to the General Assembly through ECOSOC;

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17   Partners that played an active role in the Habitat II Conference and its preparatory process including local authorities; civil society organisations; parliamentarians; private sector and foundations; women and youth groups.

(b)   A high-level non-legislative meeting held during even years in conjunction with the World Urban Forum to lead the debate, provide overall political guidance to UN-Habitat and strengthen the link between the Forum and the work programme and budget of UN-Habitat.

(c)   An empowered CPR with the authority to approve adjustments to the work programme and budget during the inter-sessional period;

(d)   Changes to the rules and regulations of the Habitat and Human Settlements Foundation to enable UN-Habitat to use more flexible rules and regulations similar to those of other Funds and Programmes.

62.   The following section compares and assesses each of the above options in terms of their potential contribution to addressing the governance challenges identified in Section B above:

(a)   Multiple and complex lines of authority;

(b)   Overcomplicated work –programme, budget and administrative process;

(c)   The relationship between UN-Habitat and UNON;

(d)   Composition of representation of member States on the Governing Council;

(e)   Insufficient oversight on important elements of UN-Habitat activities;

(f)   Decision-making process not promoting timely responsive and flexible action by the organisation;

(g)   Effectiveness in carrying out UN-Habitat's mandate

V.   Comparative assessment of options for improving the governance of UN-Habitat

A.   Multiple and complex lines of authority leading to lack of accountability and transparency and consistency

63.   The current governance system of UN-Habitat is characterised by multiple, fragmented and overlapping reporting lines and unclear authority. While UN-Habitat is accountable to the Governing Council for executing its Work Programme and Budget, it reports to different oversight structures and advisory bodies. It reports, for example, to the 5th Committee of the General Assembly and the Department of Management on the use of regular budget resources; to the Governing Council in the use of non-earmarked extra-budgetary resources; and to the Office of the Controller and ad hoc bodies for the use of earmarked extra-budgetary resources and trust funds.

64.   The CPR, the inter-sessional body of the Governing Council charged with, inter alia, overseeing the implementation of UN-Habitat's work programme and budget, is not empowered to take decisions. Its authority and its political accountability are unclear owing in large part to its membership which does not coincide with the membership of the Governing Council.

65.   Most of the Funds, Programmes and agencies use a management and reporting system that links resources with activities and activities with outcomes or results. This is quite different to the management system that is used by entities belonging to the UN Secretariat which is object-based and focuses on an output driven logframe[18]. The former is more conducive to Results-based management and results-based budgeting. It allows for more direct linkages and causality between the use of resources and expected outcomes. It also allows for a clearer distinction between attribution and contribution and facilitates auditing and evaluation. This in turn contributes to more transparency.

66.   Augmenting the frequency of meetings of the Governing Council for UN-Habitat and empowering the CPR to take certain decisions regarding adjustments to the budget and to work programme priorities would certainly improve efficiency, but is unlikely to bring significant change to the existing reporting lines and lines of authority. It is also unlikely that an expansion of the membership of UN-Habitat's governing body would have any impact on the current situation.

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18   The system used by Funds and Programmes focuses on activities such as training and policy development, while object-based budgeting focuses on expenditures such as travel and equipment. An indicator of outcome in the former would be, for example, number of people having successfully completed training and, in the latter, number of travel grants issued.

67. The Funds and Programmes of the UN system which are governed by an Executive Board benefit from much more streamlined reporting lines and accountability frameworks. While they submit their strategic plans, work programmes and budgets for review and comments by the ACABQ and report annually to ECOSOC, and are subject to system-wide auditing practices and procedures, they are accountable to their respective Executive Boards for work programme and budgetary matters.

68. In the case of the hybrid structure of UN Women, the founding resolution makes a clear distinction between political accountability to the General Assembly through the CSW and managerial accountability to its Executive Board. While it is too early to tell whether this system will substantially improve effectiveness, efficiency, accountability and transparency, it serves as an interesting model to be considered for UN-Habitat. It would allow the organisation to continue to report to and receive political guidance from the General Assembly while being accountable to an Executive Board for its work programme and budget.

69. A hybrid structure adapted to UN-Habitat could also help resolve the issue of authority and political accountability of the CPR. A strengthened CPR with the authority to make adjustments to UN-Habitat's budget and programme priorities would facilitate and deepen engagement by member States.

70. In summary, the governance system that represents the most potential gains in terms of simplifying and reducing the current lines of authority would be an Executive Board or Executive Committee type structure. A hybrid structure would come a close second as it would still involve two lines of reporting.

	GC + high-level segment and strengthened CPR	GC with expanded membership	Executive Board or Committee	Hybrid structure
Complex lines of authority affecting accountability and transparency	-	-	√√√	√√

1. Overcomplicated work-programme, budget and administrative process leading to a complicated, burdensome and lengthy budgeting cycle

71. The approval process for UN-Habitat's work programme and budget is not linear and requires several iterations. A mapping exercise conducted in 2010[19] of the process for formulating and adopting UN-Habitat's strategic plan, work programme and budget identified three iterative processes spanning a period of 28 months, resulting in several revisions to the same document. Each revision tends to be subject to recurrent discussions and debate at the level of the CPR on why changes are made and who has the ultimate authority in deciding on which types of changes are made.

72. One of the observations arising from the mapping exercise was that UN-Habitat is accountable to over a dozen different bodies and legislative organs for planning, managing and executing its work programme and budget.[20] Each of these bodies and organs has its own reporting guidelines, exigencies and timelines.

73. Changes to the frequency of meetings or membership of the Governing Council for UN-Habitat are unlikely to affect the process for formulating, adopting and implementing the work programme and budget of the organisation.

74. On the other hand, an Executive Board type system would eliminate two of the three iterations that currently are required and more than half of the steps involved.

75. In the case of a hybrid system, care would have to taken not to have a dual system and process for preparing, approving and monitoring the work programme and budget. Lessons learned from the experience of UN Women would be critical in this regard.

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19 "Overview of the Evolution of the Governance and Reporting Structures of UN-Habitat", 28 January 2010

20 EOSG, General Assembly, ECOSOC, Governing Council, CPR, ACABQ, CPC, Office of Legal Affairs, Office of the Comptroller, Budget Office, OIOS, internal audit, external audit, and ad hoc trust funds.

	GC + high-level segment and strengthened CPR	GC with expanded membership	Executive Board or Committee	Hybrid structure
Complicated WP & Budget process, burdensome and lengthy budget cycle	√	√	√√√	√√

2. Relationship between UN-Habitat and UNON

76.   As mentioned above, UN-Habitat, as part of the UN Secretariat, is bound by Secretariat rules and regulations. These were not designed or intended for managing programmes and projects that include complex activities at regional and country levels. In this respect, UN-Habitat is at a distinct disadvantage when compared to other Funds and Programmes which have their own rules and regulations that are more flexible and use more streamlined procedures.

77.   Many of UN-Habitat's more innovative and value added endeavours have been found in its global and regional programmes. These are typically multi-year, multi-donor funded initiatives that combine policy development, institutional reform, capacity-building and demonstration projects that are managed from headquarters but anchored at country level. They often involve complex local partnerships and legal and financial arrangements for leveraging in-kind resources with capital expenditures and investment.

78.   The innovative aspects of these programmes have been a constant source of tension in the working relations between UN-Habitat and UNON. Nor are these difficulties limited to innovative initiatives; they also apply to UN-Habitat's efforts to participate actively in "Delivering as One" and to respond effectively to the growing demand for its value added services in the humanitarian sector.

79.   Changes to the frequency or membership of UN-Habitat's existing governing system are unlikely to change the working relations with UNON as a monopoly provider of common services to UN-Habitat.

80.   An Executive Board or Hybrid governance structure would enable UN-Habitat to adopt rules and procedures similar to those used by other Funds and Programmes of the UN system. This would allow UN-Habitat more latitude and choice in service provision. More importantly, it would provide a more level playing field in the comparison of UN-Habitat's delivery with other Funds and Programmes.

	GC + high-level segment and strengthened CPR	GC with expanded membership	Executive Committee	Hybrid structure
Relationships with UNON and programme delivery	-	-	√√	√√√

3. Composition of representation of member States on the Governing Council

81.   The Habitat Agenda, adopted by member States in Istanbul in 1996, recognised urbanisation as a mega-trend that brings about major social, economic and environmental changes with its attendant challenges and opportunities. It also recognised local authorities as a key actor in addressing these challenges and called for member States to empower them to do so. Decentralisation and the empowerment of local authorities and sustainable urban development have since become major areas of focus of UN-Habitat's normative and operational activities. [21]

82.   The important role and contribution of local authorities as well as of other major actors was further emphasized by the General Assembly in establishing the World Urban Forum. The purpose of this non-legislative meeting is to engage key public, private and civil society actors in policy dialogue and debate and the exchange of lessons from experience.

83.   The growing number of participants, including high-level officials representing ministries of local government, finance and environment in the World Urban Forum is one indicator of the growing relevance of UN-Habitat's mandate to a wider range of government and non-governmental entities.

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[21]   Cf. the successive adoption of normative outputs and resolutions by the Governing Council on, inter alia, Guidelines on decentralisation and the strengthening of local authorities, Guidelines on access to basic services for all, and Resolution 22/3 on Cities and Climate Change.

Representation of member States on the Governing Council remains, however, predominantly from ministries responsible for housing.

84. Changes to the composition of representation of member States in the governance system of UN-Habitat would most probably be best served by building on the broad appeal of the World Urban Forum. A high-level segment at either end of the Forum could help broaden and institutionalise engagement by ministries of local government, environment and finance, and provide new avenues and opportunities for follow-up collaboration. [22]

85. The Executive Board or Executive Committee option, with a lesser number of total seats available (36+ versus 58+) is unlikely to favour broader representation by other relevant ministries in the governance structure of UN-Habitat. The combination of rotation of members every three of four years, geographical representation and of different focal point ministries for a reduced number of seats would be a very complex exercise.

86. A hybrid system, including a Governing Council on odd years, a World Urban Forum on even years, and an Executive Committee serving as the inter-sessional body would also provide the opportunity to broaden the composition and representation of member States.

	GC + high-level segment and strengthened CPR	GC with expanded membership	Executive Committee	Hybrid structure
Composition of representation of member States	√√√	√√√	-	√√√

4. Insufficient oversight on important elements of UN-Habitat activities

87. UN-Habitat has succeeded in developing a unique combination of policy advisory services, capacity building and support to project management at country level. Since it became a member of the Inter-Agency Steering Committee (IASC) in 2010, demand arising from the humanitarian community for its core competencies in the areas of planning, shelter, basic services and community participation are increasing.

88. UN-Habitat's unique blend of normative, capacity-building and project support activities at country level are very likely to expand in the future as these same core competencies are critical to climate change adaptation responses at country and local levels.

89. Despite a fivefold increase in extra-budgetary funding for programme and project activities involving the country level over the last four work programme and budget cycles, the governance structure of UN-Habitat devotes most of its attention to reviewing its normative activities. This situation is far from ideal for several reasons. First, unlike for some sectoral issues, housing and urban development do not lend themselves readily to international conventions or legally binding multi-lateral frameworks. The effectiveness of UN-Habitat as a whole is therefore linked to its ability to formulate policy options and guidelines that are based on the analysis of contexts and issues at country level and to integrate lesson learned from operational experience. Second, the true value added of UN-Habitat's operational work lies in its capacity to convene and work with local actors and institutions in feeding lessons learned from experience into national policy dialogue and development. This was very reason that one of the pillars of UN-Habitat's MTSIP is its Enhanced Normative and Operational Framework (ENOF) designed to ensure a direct feedback loop between normative and operational activities.

90. The increase in frequency of meetings and the expansion of the membership of the Governing Council could improve the current situation. Real gains, however, could be realised by the adoption of an Executive Board or Hybrid system of governance which currently applies to most Funds, Programmes and Agencies within the UN system, the decisions and outcomes of which appear to be equally informed by normative issues and issues arising from activities at country level.

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22 Such a high-level segment could be of a non-legislative nature in keeping with the spirit of the WUF and further the objective of dialogue and debate between different stakeholders in a truly participatory manner.

91.   Either of these two options would also enable UN-Habitat to participate more effectively in the various coordinating entities of the UN system[23]; in "Delivering as One" at country level; and in sharing lessons learned with other Funds and Programmes.

	GC + high-level segment and strengthened CPR	GC with expanded membership	Executive Committee	Hybrid structure
Insufficient oversight	√	√	√√√	√√√

5.   Decision-making process not promoting timely responsive and flexible action by the organisation

92.   The implementation team underscored the fact that the current governance system does not promote timely responsive and flexible action by the organisation.

93.   For decisions of strategic importance or with major financial implications, the current governance system requires a lead time of 24 to 48 months depending on when the issue is tabled and whether the Governing Council or the General Assembly decides to send the issue back for further elaboration.

94.   A Governing Council meeting every year could reduce this lead time to 12 to 24 months, while an Executive Board or Hybrid type of governing structure could reduce the time required for decision making to within 6 to 12 months.

95.   A CPR empowered to take decisions regarding adjustments to the budget and programme priorities would improve timely and more responsive decision making during the inter-sessional period and allow for adjustments that currently affect not just programme delivery but also human resources management.

	GC + high-level segment and strengthened CPR	GC with expanded membership	Executive Committee	Hybrid structure
Efficiency in decision making process	√√	√√	√√√	√√

6.   Effectiveness in carrying out normative mandate

96.   As part of the UN Secretariat, UN-Habitat reports annually to ECOSOC and to the General Assembly. The current governance structure thus enables UN-Habitat to maintain visibility of the urban agenda at the highest levels of UN machinery.

97.   UN-Habitat is also charged with monitoring and reporting on the "Coordinated Implementation of the Habitat Agenda". It lacks however the machinery of a Commission on Sustainable Development or an Environmental Management Group to convene and mobilise other entities of the United Nations system to monitor and report on issues and progress in the areas of their respective mandates and expertise.

98.   Since the General Assembly established the World Urban Forum, UN-Habitat has been able to considerably elevate the importance accorded to the sustainable urban development agenda both within and outside the UN system. This in turn enables the organisation to benefit from a broad-based sounding board for enhancing its analysis of emerging trends and issues, taking stock of best practice, and fulfilling its advocacy role.

99.   The convening power of UN-Habitat and the legitimacy of the World Urban Forum could be further strengthened to generate new ideas and help forge new policy options to meet the challenges of sustainable urbanisation under the following scenarios:

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23   For example, the High Level Committee for Programmes (HLCP), the High Level Committee for management (HLCM), etc.

(a)   The Governing Council continues to meet on odd years with a high-level segment to be held in conjunction with the World Urban Forum on even years;

(b)   The Governing Council decides to expand its membership by enabling non-state actors active in the World Urban Forum to participate in and contribute to the substantive work of the organisation and of the UN system;

(c)   A hybrid system of governance is adopted whereby UN-Habitat would continue to report to the General Assembly while benefiting from an Executive Board type system that would meet more often on substantive and strategic issues including the integration of the outcomes of the World Urban Forum in the strategic plan and work programme and budget of UN-Habitat.

100.   A hybrid system could also help strengthen UN-Habitat's voice and contribution to inter-agency coordination and coherence should its governing body participate in the joint meeting of executive boards for UNICEF, UNDP, UNFPA, WFP and UN Women.

101.   Some of the above advantages such as visibility of the urban agenda at the General Assembly could, however, be lessened in the case of an exclusive Executive Board type system as less member States would be engaged at any one time and the organisation would, according to prevailing practice, report only to ECOSOC.

	GC + high-level segment and strengthened CPR	GC with expanded membership	Executive Committee	Hybrid structure
Effectiveness in carrying out mandate	√√√	√√√	-	√√√

7.   Cost implications

102.   Regarding costs associated with servicing different types of governance structures, the only readily available and comparable indicator is the human resource requirements of the core secretariat units servicing the different types of structures. These requirements are remarkably similar between all Executive Boards and the Executive Committee of UNHCR and compare favourably to the human resources currently devoted to this task by UN-Habitat.24 This seems to be attributable to a number of factors, an important one being that the Executive Board type of system has a single tier of reporting and approval.

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24   The core secretariat units servicing the governing bodies of UNICEF, UNDP, UNFPA and UNHCR consist of three professionals and two to three general service staff. Besides the supervising chief, the two other professional staff are usually language editors devoted to report writing. Additional temporary staff are in several cases called upon for in-session activities during the annual meeting. The core secretariat of UN-Habitat currently consists of 5 professional staff and five general service staff and relies on editors from UNON for Governing Council documentation.

8. **Comparison of potential advantages of different options for improving the governance of UN-Habitat**

103.   This comparison does not constitute a scoring system. It is intended to provide a summary of the how the different options could contribute to improving the governance of UN-Habitat.

Governance Option/ Challenge	Complex lines of authority	Complicated WP & Budget Process	Relations with UNON	Composition of representation of member States	Insufficient Oversight	Efficient decision-making process	Effectiveness in carrying out mandate
GC + high-level segment and strengthened CPR	-	√	-	√√√	√	√√	√√√
GC as above + expanded membership	-	√	-	√√√	√	√√	√√√
Executive Board or Committee	√√√	√√√	√√√	-	√√√	√√√	-
Hybrid governance structure	√√	√√	√√√	√√√	√√	√√	√√√

Annex I

Principle Officials consulted on Governance Review
19-26 January 2011, United Nations, New York
27-28 January 2011, United Nations, Geneva

ACABQ	H.E. Mr. Collen V. Kelapile Chairperson Advisory Committee on Administrative and Budgetary Questions (ACABQ) Room CB-60, United Nations, New York, N.Y. 10017
DESA	Mr. Nikhil Seth Director Office for ECOSOC Support and Coordination
DPKO	Mr. Joel Cohen Executive Officer, Executive Office Department of Peacekeeping Operations (DPKO) Department of Field Support
EOSG	Ms. Eva Busza Principal Officer Strategic Planning Unit Executive Office of the Secretary-General (EOSG)
EOSG	Mr. Parfait Onanga Anyanga Director Office of the Deputy Secretary-General (ODSG)
EOSG	Mr. Tuvako Manongi Principal Officer Executive Office of the Secretary-General (EOSG)
EOSG	Mr. Robert C. Orr Assistant Secretary-General for Policy Planning Executive Office of the Secretary-General (EOSG)
Kenyan Mission to the UN	H.E. Mr. Macharia Kamau Ambassador Permanent Representative of the Republic of Kenya to the U.N.
Mexican Mission to the UN	H.E. Mrs. Yanerit Cristina Morgan Sotomayor Ambassador Deputy Permanent Representative Permanent Mission of Mexico to the U.N. Mr. Jorge R. Laguna Third Secretary, and Delegate to the Second Committee of the Permanent Mission of Mexico to the U.N.
Procurement Division	Jennifer Branche Chief Planning, Compliance and Monitoring Section Integrated Support Services, Procurement Division Office of Central Support Services, Department of Management

UN Women	Ms. Sally Fegan-Wyles Senior Advisor to the Transition Team UN Women
	Ms. Gulden Turkoz Senior Special Advisor to the Transition Team UN Women
UNCDF	Mr. Magnus Magnusson Business Development Adviser Business Development and External Relations Unit United Nations Capital Development Fund (UNCDF) / UNDP
UNDP	Mr. Romesh Muttukumaru Deputy Director and Deputy Assistant Administrator Partnerships Bureau (PB) United Nations Development Programme (UNDP)
UNDP	Ms. Rekha Thapa Executive Secretary, Executive Board Secretariat (EBS) United Nations Development Programme (UNDP)
UNFPA	Mr Kwabena Osei-Danquah Chief Executive Board and External Relations Branch Information, Executive Board and Resource Mobilization Division, United Nations Population Fund (UNFPA)
UNICEF	Christine Muhigana Assistant Secretary Office of the Secretary of the Executive Board United Nations Children's Fund (UNICEF)
UNICEF	Ms. Gunilla Olsson Director Governance UN and Multilateral Affairs (GMA) United Nations Children's Fund (UNICEF)
UNICEF	Mr. Nicholas Pron Secretary of the Executive Board United Nations Children's Fund (UNICEF)
UNV	Daphne I. Casey Chief United Nations Volunteers Office in New York
USA	Ana Marie Argilagos Deputy Assistant Secretary for International and Philanthropic Affair U.S. Department of Housing and Urban Development (HUD) 451 7th Street, NW Washington, D.C. 20410
JIU	Ms. Nuria Castells Evaluation and Inspection Officer Joint Inspection Unit (JIU)
JIU	Mr. Tadanori Inomata Vice Chairman Joint Inspection Unit (JIU), and Inspector for UN-HABITAT

UNAIDS	Ms. Helen Frary Chief Office of Co-sponsor Relations and Governance Joint United Nations Programme on HIV/AIDS (UNAIDS)
UNHCR	Ms. Catherine Walker Secretary of the Executive Committee United Nations High Commissioner for Refugees (UNHCR)
WHO	Dr. Andrew Cassels Director of Strategy Office of the Director General World Health Organisation
UNEP	Mr. Paul Akiwumi Chief, Executive Office Chef de Cabinet Mr. Michele Candotti Principal Advisor to the Executive Director Head of the Office for Policy & Inter-Agency Affairs

Annex II

	Election of Executive Boards
UN Women	41 board members elected by ECOSOC on a rotational basis as follows: 10 from Africa, 10 from Asia, 4 from Eastern Europe, 6 from Latin America and the Caribbean, 5 from Western Europe and 6 from contributing countries. 35 members are elected from the regional groups to serve two-year and three-years, as determined by the drawing of lots. The 6 "contributing countries" are elected to serve three-year terms. The structure guiding the Board's election is governed by ECOSOC resolution E/2010/L.40, which - in line General Assembly resolution A/RES/64/289 on "system-wide coherence" and which established UN Women - outlines that 35 of members of the Executive Board would be elected from among the five regional groups and serve terms of two and three years.
UNICEF	The Executive Board has 36 members, elected by ECOSOC for three-year terms with the following regional allocation of seats: African states (8 seats), Asian states (7), Eastern European states (4), Latin American and Caribbean states (5) and Western European and Other states (12) Only a certain number of new members are elected to the Executive Board in any given year, to ensure continuity of experience. Each year, during a resumed organizational session, usually in April or May, the Economic and Social Council elects United Nations Member States from the five regions to serve as members of the Executive Board. Each member usually serves a three-year term. However, the Western European and Others group has established a rotation schedule for its members under which some members do not serve a full three-year term. The Western European and Others group has established a separate rotation scheme that determines the distribution of Executive Board seats for the members of that region. The United States of America do not participate in this rotation scheme.
UNDP/UNFPA	The Economic and Social Council elects members of the Executive Board in May each year. 36 Members are elected for three-year terms, with the exception of the Western European and other States group, which has determined its own internal rotation policy. The following geographic breakdown of membership was legislated by General Assembly resolution 48/162: 8 from African States, 7 from Asian and Pacific States, 4 from Eastern European States; 5 from Latin America and the Caribbean States; and 12 from Western European and other States. The Bureau of the Executive Board is comprised of one President and four Vice Presidents, elected from the members at the first regular session each year, taking into account the need for equitable geographical representation.

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