



Twenty-sixth session

Nairobi, 8–12 May 2017

Item 5 of the provisional agenda**

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

Activities of the United Nations Human Settlements Programme

Addendum

Working group on programme and budget

Report of the Executive Director

I. Background

1. In its resolution 68/239, the General Assembly of the United Nations took note of the governance review process of the United Nations Human Settlements Programme (UN-Habitat) and encouraged the Committee of Permanent Representatives to continue its consideration of proposals, including recommendations and options for reform, with a view to reaching consensus on how to proceed with the governance review. Accordingly, in the period leading up to the twenty-fifth session of the Governing Council of UN-Habitat, members of the Committee held both formal and informal consultations on the governance review process.
2. A report of the Executive Director on the review of the governance structure of UN-Habitat (HSP/GC/25/2/Add.1) was presented to the Governing Council at its twenty-fifth session, reporting on progress made in the implementation of Governing Council resolution 23/13 and General Assembly resolution 68/239.
3. As a result of the consultations and negotiations, the Governing Council, at its twenty-fifth session, adopted resolution 25/7 on UN-Habitat governance reform, in which it decided to strengthen the oversight role of the Governing Council and the Committee of Permanent Representatives by requesting the Committee to establish a working group on programme and budget, outlining the composition of the working group and specifying the tasks it was to perform.
4. Subsequently, the Committee established the working group on programme and budget at its fifty-seventh regular meeting, held on 12 June 2015. The membership of the working group comprises 15 member States of the Governing Council of UN-Habitat, with three member States representing each of the five regional groupings and the chairship rotating among the regional groupings on a six-monthly basis. Participation in the meetings of the working group has been, and continues to be, open to all member States.

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** HSP/GC/26/1.

II. Progress achieved by the working group

5. Since its establishment, the working group has held four formal meetings (in September 2015, March and October 2016, and February 2017) and nine informal meetings (between June 2015 and February 2017). The working group provides reports to the Committee through its chair at the regular meetings of the Committee. Since its establishment, those reports have covered topics such as audits and evaluations, financial management, risk management, resource mobilization, regional and national strategies, and the business transformation of UN-Habitat.

6. At its first formal meeting, held in Nairobi on 10 and 11 September 2015, the working group agreed on the methodology of its work, guided by the rules of procedure of the Governing Council and the specific requirements of resolution 25/7. It also agreed on a rotating, elected semi-annual chairship. Substantive discussions at the meeting centred on the 2015 report of the Office of Internal Oversight Services (OIOS) on the evaluation of UN-Habitat, including its financial status, resource mobilization, business transformation and strategic positioning. The working group made a number of recommendations to the Executive Director, including on the need to strengthen communications and external relations.

7. At its second formal meeting, held in Nairobi on 14 and 15 March 2016, the discussions of the working group focused on the status of implementation of recommendations arising from the 2015 OIOS evaluation report and other relevant issues such as oversight, regional and national strategies, and the communications strategy, business transformation and strategic positioning of the Programme, particularly in the light of the outcome of the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, the 2030 Agenda for Sustainable Development and the expected outcomes of the United Nations Conference on Housing and Sustainable Urban Development (Habitat III). The secretariat also provided an update on the status of implementation of the recommendations made by the working group at its first meeting.

8. At its third formal meeting, held in Nairobi on 6 and 7 October 2016, the working group considered the follow-up to its previous recommendations as well as a paper by the Executive Director on the challenges of abiding by the rules and regulations governing the United Nations Secretariat as opposed to those governing “hybrid” entities such as the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). The working group reviewed the progress made in the implementation of the work programme, as well as the financial status, budget and administration of UN-Habitat. The working group requested that the secretariat consider the optimal means of improving the gender balance in UN-Habitat and made recommendations on revising its business model. It also requested written updates from the secretariat on all the subprogrammes of UN-Habitat, among other things.

9. At its fourth formal meeting, held in Nairobi on 22 and 23 February 2017, the working group considered the implementation of the current work programme; the financial status of UN-Habitat for 2016, including information on each of the subprogrammes; an analysis of the budget for the biennium 2016–2017, including projections of income and expenditures; and a presentation on the draft budget for 2018–2019, on income from and expenditures covered by the United Nations regular budget allocation to UN-Habitat and on core and earmarked contributions. The Executive Director provided an overview of the status of implementation of the recommendations to UN-Habitat emanating from the reports of oversight bodies, including OIOS, the Board of Auditors and the Joint Inspection Unit. At the meeting, the working group reiterated its request for a proposed revised business model for UN-Habitat as well as a gender action plan specific to the organization. The working group also outlined its expectations for its next meeting and recommended that the secretariat provide a report on the implementation of the recommendations listed for action by UN-Habitat in the report by the Joint Inspection Unit (JIU) entitled “Review of the acceptance and implementation of JIU recommendations by the United Nations Human Settlements Programme (UN-Habitat)” (JIU/ML/2016/9). The working group also recommended that it propose to the Governing Council an extension of its mandate, and suggested that a draft resolution be prepared in that regard.

III. Observations and conclusions

10. The establishment of the working group followed discussions between UN-Habitat and member States on the need to develop an innovative mechanism that would allow for dynamic, in-depth discussions among experts on the work of UN-Habitat and the challenges faced by the organization. The working group was intended to complement the existing governance structures of UN-Habitat by creating a space for representatives of member States at the highest level to better support the implementation of the work programme by posing questions and making suggestions on ways in which the secretariat and member States could jointly identify solutions to challenges. It was

further envisaged that as a result of their increased understanding of the work of UN-Habitat, senior representatives of member States would be able to assist in raising the profile of UN-Habitat among Member States of the United Nations. As such, the success of the working group has been a priority of the Executive Director, who has participated in discussions at each meeting of the working group since its inception.

11. Further to comments raised in meetings of the working group, as well as during informal consultations with certain members of the group, the secretariat is aware of some uncertainty within the working group (among member States and in the secretariat) regarding the way in which the group should operate. The interaction between member States and the secretariat in working group meetings has been extremely productive, resulting in practical agreements on ways of moving forward. The secretariat feels that the smaller, more intimate format of the meetings has allowed for frank exchanges and detailed discussions, which have indeed led to a better understanding by member States of the challenges faced by the organization. The secretariat has noted, however, the requests by certain member States for increasingly customized reporting, to be provided well in advance of meetings, which increase the burden of already heavy reporting requirements acknowledged by member States in other forums. The Executive Director suggests that the principal value of the working group lies in its potential for agility and a light footprint in the governance structure.

12. In its resolution 25/7, the Governing Council requested the Executive Director to implement the recommendations and guidance provided by the working group on the issues outlined in paragraph 2 of the resolution. While that provision has been implemented to the extent possible, the Executive Director wishes to recommend that the Governing Council clarify the means of operation of the working group in order to reduce the potential for duplication with regard to the process, structure, content and substance of its work, bearing in mind the original intention behind its creation.

13. At the sixtieth regular meeting of the Committee of Permanent Representatives, several representatives commended the active participation of member States and the secretariat in the meetings of the working group, noting that its discussions served to enhance the transparency, inclusiveness and accountability of UN-Habitat and strengthen its governing bodies. The Executive Director would like to express his gratitude for the dedication of participants from member States as well as those from the secretariat, and he looks forward to the discussions of the Governing Council on ways of continuing to improve the relationship between the secretariat and member States.
