

**UN-Habitat Working Group on Programme of Work and Budget
Periodic Report to the UN-Habitat Committee of Permanent Representatives
September 16, 2015**

UN-Habitat Working Group on Programme and Budget (WG) first formal meeting was held September 10-11 and included participation by 14 of 15 of its members, as well as observers of States Members of the United Nations and intergovernmental organizations. UN-Habitat's Executive Director (ED) and Deputy Executive Director (DED) and other members of its senior management represented the organization. The meeting agenda and its 10 hours of informal, frank, and informative discussions centered on UN-Habitat's 2015 OIOS evaluation, but also extended into other relevant issues such as oversight, business transformation, and the strategic positioning of the organization.

Delegations offered general praise for UN-Habitat's efforts to address OIOS recommendations and implement other reforms, including IPSAS and Umjoja, in an effort to improve the transparency, accountability, and effectiveness of the organization in delivering results. They also noted that the organization's growing earmarked normative and earmarked field project portfolios, especially, at a time when other UN agencies were generally seeing declines in these areas, suggested donors still viewed the organization mandate as critical and saw value in the results its delivered. However, they also raised a variety of concerns, including, inter alia:

- UN-Habitat's meager core resources and the adverse impact that related cuts and vacancies in regular staff positions were having on the organizations normative capacity at a critical time when it was attempting to strengthen focus on the emerging challenge of rapid global urbanization and position itself within the context of new and emerging global imperatives of the SDGs, climate change, disaster response and risk reduction, migration, and Habitat III.
- The organization's enhanced focus on sustainable urbanization risks coming at the expense of its more traditional services, especially in more rural settlements;
- The organization's meager core resources and expanding earmarked project work is resulting in an uneven focus among the organization's strategic priorities;
- Weaknesses in the organization's evaluation function;
- Weaknesses in the organization's external communications (especially in its sharing of successes/results) and its ability to mobilize resources, particularly core resources;
- A lack of breadth in UN-Habitat's donor base, especially in core resources;
- Weaknesses in the organization's enterprise risk management systems;
- Weaknesses in the organization's accountability framework and internal communications and their impact on UN-Habitat's effectiveness, including its alignment of normative and fieldwork with UN-Habitat's mandate and strategic priorities.

UN-Habitat leadership asserted that it remained committed to implementing all OIOS recommendations and, by end of 2015, the organization will have made good progress on each, including, inter alia:

- Unless donors specifically object, all projects will include a budget line item for some form of evaluation, and projects above \$3 million will strive for impact evaluations;
- The organization has recently produced risk assessment and accountability frameworks and is beginning to work toward their implementation;
- Efforts are underway to improve the project development and approval processes to ensure alignment with strategic priorities, avoid conflicts of interest, and improve quality;

The ED repeatedly stressed that, while the OIOS report identified important areas of focus for reform, it failed to address other critical challenges and opportunities, including, inter alia:

- The organization's competitiveness and effectiveness compared to other UN and international organizations, especially with regard to field work, within the constraints of UN Secretariat rules and regulations, especially those pertaining to hiring, transitioning, or dismissing staff;
- The organization's efforts to undertake major business reforms (including implementation of OIOS recommendations, IPSAS and UMOJA reforms), pursue new areas of strategic focus, and position itself in the new emerging humanitarian, security and development imperatives within the context of scarce core resources and the constraints of Secretariat rules and regulations.

The ED asserted that UN-Habitat remained committed to all its priorities. The ED noted that 80 percent of its work remained rural focused, and it was the organization's new areas of focus on urbanization where more development was needed. The ED contended that the organization's normative work had steadily strengthened, not weakened, through a substantial increase in normative earmarking and organizational reforms and in despite of a steady reduction in core non-earmarked resources.

The meetings ended with a spirited discussion of resource mobilization, with a focus on the organization's dwindling core resources. Several delegations raised the need for UN-Habitat to focus on broadening its donor base. The ED noted all UN agencies experienced significant reductions in core resources following the 2008 global financial crisis. He agreed with several traditional donors' assertions that their funding decisions were based in large part on donors' priorities and not necessarily the priorities of UN-Habitat. Donors added that other factors also played into their decision-making, including, inter alia: their own domestic political dynamics; restrictions on how they contribute funds; donors' perception of an organization's effectiveness and its efforts to reform (here, response to OIOS recommendations and other reforms like IPSAS and Umoja factored in); and intangibles such as the global "buzz" about an organization, which in part depended on its successful engagements through partnerships. On the latter point, all delegations that intervened agreed that UN-Habitat needed to strengthen its communications function and the telling of UN-Habitat's story, including through the urgent filling of a senior position by a qualified professional to lead this effort. The ED noted that UN-Habitat was in many ways at the vanguard of UN agency partnership development, especially through its engagement with now over 20,000 partners at the biannual World Urban Forum.

The group and Secretariat discussed the possibility of several intersessional informal meetings, supported by additional documentation, in the weeks ahead to support further in-depth discussions on specific topics to facilitate the formulation of concrete actionable recommendations by the Working Group at the next formal meeting expected prior to December 2015 CPR meeting.

At the end of the meeting, in accordance with Governing Council Resolution 25/7 on the United Nations Human Settlements Programme governance reform, Working Group Members as well as observers of States Members of the United Nations and intergovernmental organizations discussed and the Working Group agreed by consensus to the following actionable recommendations below to the Executive Director, which were conveyed to him orally and now in writing through this report of the Working Group to the UN-Habitat Committee of Permanent Representatives:

The Working Group recommends the Executive Director share with the Group as soon as possible the following documents:

- UN Habitat Communications Strategy;
- UN-Habitat Programme Accountability Framework;
- Memo Dated 15 August 2012 on UN-Habitat Organization Responsibility and Accountability Policy;
- UN-Habitat Enterprise Risk Management: Implementation Guidelines;
- Annex 2: Memo Dated 30 April 2015 on Enterprise Risk Management Implementation Guidelines;
- Guidelines for UN-Habitat's Regional Strategic Plans (RSPs) by Programme Division;
- Roadmap for the Development of RSPs in UN-Habitat;
- Directive by the Director of Programs on Two-Step Process for Project Review & Approval;
- Regional Strategic Plans;
- Newly Drafted Habitat Country Program Documents;

The Working Group expects its next formal meeting to take place ahead of the December 4 meeting of the Committee of Permanent Representatives and recommends the Executive Director arrange a series of intersessional follow-on status reports and informal discussions with the Group on the following topics (perhaps two topics covered in each of three or for days of four-hour sessions each):

- UN-Habitat Accountability Framework, with particular focus on implementation and ensuring country programs and project alignment with the organization's strategic plan, strategic framework, global initiatives, regional strategies and national development plans and strategies;
- UN-Habitat Enterprise Risk Management (ERM) Implementation Guidelines, including procedures for management and monitoring of risks through the anticipated rollout of a risk governance structure;
- UN-Habitat Secretariat perspectives on the organization's fit for purpose internally and within the existing institutional arrangements of the UN Secretariat;
- UN-Habitat's efforts to strategically position the organization in the context of emerging global priorities, including: sustainable urbanization and human settlements in the run-up to Habitat III, the SDGs, Climate Change, Disaster Response, Migration;
- UN-Habitat's Communications and Resource Mobilization Strategies;
- UN-Habitat's Human Resources (HR) status, targets, strategies and HR organogram.

The Working Group Recommends the Executive Director take steps expeditiously to strengthen the Communications and External Relations functions within the organization -- including through the immediate prioritization of the appointment of the vacant D2 Communications and External Relations Head Position -- to ensure improved internal and external communications, particularly with respect to UN-Habitat's achievements and unique and critical role addressing emerging global priorities of Urbanization and Human Settlements, the SDGs, Climate Change, Disaster Response, Migration.

The Working Group Recommends the Executive Director share with the Group two weeks prior to the next formal meeting of the Working Group an updated action plan on its implementation of the 2015 OIOS recommendations.