

UN HABITAT
UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME
Programme des Nations Unies pour les établissements humains
Programa de las Naciones Unidas para los Asentamientos Humanos

OFFICE OF THE EXECUTIVE DIRECTOR

Nairobi, 8 June 2017

Dear Ms. Steensen and Mr. Storbekkrønning,

I wish to express my appreciation for the 2016 Multilateral Organisation Performance Assessment Network (MOPAN) institutional assessment report. Thank you for your efforts to present a comprehensive and evidence-based snapshot of our work during the period 2014-2016.

I am pleased to note the main conclusions of the evaluation, that UN-Habitat largely meets the requirements of an effective multilateral organization, is fit for purpose and provides strong leadership on sustainable urbanization, demonstrates a deep understanding of the changing nature of urbanization and has the capacity to adapt and respond to such changes. UN-Habitat is satisfied with the overall MOPAN ratings of its performance, which in all key areas are rated as 'satisfactory' or 'highly satisfactory', while acknowledging at the same time the need for further improvements to be made.

I would personally like to express my appreciation for the constructive and consultative approach of the MOPAN secretariat and the MOPAN Institutional Lead throughout the process. I was pleased to see that the key findings of the assessment are largely consistent with issues raised in other oversight reports, including our own recent mid-term evaluation of the Strategic Plan, 2014-2019.

The MOPAN assessment is both timely and useful as we continue to engage with governments and donors to improve our performance, including in the areas for improvement identified in the report. We look forward to remaining in contact regarding the progress made in implementing the MOPAN recommendations, as outlined in the attached management response.

Yours sincerely,



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Under-Secretary-General and
Executive Director

Mr. Harald Storbekkrønning
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UN-Habitat’s Management Response to the 2016 MOPAN Assessment

UN-Habitat welcomes the MOPAN assessment report, which presents a comprehensive and evidence based snap-shot of UN-Habitat’s work over the period from 2014 to mid-2016. The report is based on document review, interviews and consultations with UN-Habitat management and staff; stakeholders at Headquarters and the regions as well as survey of partners’ engagement with UN-Habitat in 10 selected countries. UN-Habitat appreciates the constructive and consultative approach of the MOPAN Secretariat and the MOPAN institutional lead throughout the assessment process.

This response serves as UN-Habitat’s overall approach to responding to the MOPAN report and its ratings of performance. Given the strategic and wide ranging nature of the observations of the MOPAN report, UN-Habitat will incorporate the areas for improvement into its management strategies and responsibilities through to the end of 2020, prioritizing by criticality and resources. UN-Habitat will keep the Working Group on Programme and Budget regularly updated on progress in addressing key areas for improvement. UN-Habitat encourages member and other countries to follow and engage with it on these strategic priorities more generally in the coming months.

UN-Habitat – Overall MOPAN ratings

Scoring colour codes			
Highly unsatisfactory <i>(0.00 – 1.00)</i>	Unsatisfactory <i>(1.01 – 2.00)</i>	Satisfactory <i>(2.01 – 3.00)</i>	Highly satisfactory <i>(3.01 – 4.00)</i>

Strategic Management	KPI 1: Organisational architecture and financial framework
	KPI 2: Adequate structures and mechanisms support cross-cutting issues
Operational Management	KPI 3: Operating model and human/financial resources support relevance and agility
	KPI 4: Systems are cost- and value-conscious and enable financial transparency/accountability
Relationship Management	KPI 5: Operational planning and intervention design tools support relevance and agility
	KPI 6: Works in coherent partnerships to leverage/ensure relevance and catalytic use of resources
Performance Management	KPI 7: Strong and transparent results focus explicitly geared to function
	KPI 8: Evidence-based planning and programming applied
Results Management	KPI 9: Achievement of development and humanitarian results
	KPI 10: Interventions relevant to needs and extent to which the MO works towards results
	KPI 11: Results delivered efficiently
	KPI 12: Sustainability of results

Strategic Management

Overall, UN-Habitat is pleased with the MOPAN assessment, in which UN-Habitat is on record for demonstrating clear strategic direction, achieving positive results across all areas of operation and having an efficient operating model, which responds to both the strategic mandate of the organization and the interests of partners. The report concludes that “...UN-Habitat largely meets the requirements of an effective multilateral organization and is fit for purpose, although performance can be strengthened and improved in some areas...” [...] “The organization delivers positive results in a reasonably efficient and cost-effective way across all areas of operation, with impact particularly in relation to sustainable urbanization”.

The report recognizes, and we acknowledge, that UN-Habitat faces challenges with resource management and human resource processes largely due to insufficiently flexible UN systems procedures that would allow the organization to respond to partner priorities and demands, and these are beyond the direct control of the organization. However, UN-Habitat believes it can address these issues either within existing rules and regulations, requesting the Secretary-General to adjust the Rules to support field based operations, or by member states addressing structural issues. UN-Habitat will proceed to seek these changes in the short and long term. UN-Habitat continues to be fully engaged in the implementation of cross-cutting issues supporting mainstreaming of climate change, gender equality, human rights and youth in its operational projects and normative work and through engagement at international level and engagement with other UN agencies based on a best practices approach such as UN Environment on climate change mainstreaming and UN Women on gender equality mainstreaming.

Operational Management

UN-Habitat is satisfied that the report recognizes UN-Habitat’s key strengths in sustainable urbanization. UN-Habitat has played a key role in the development of the Sustainable Development Goals (SDGs) and related indicators, particularly SDG 11 and others that are related to sustainable urbanization. Similarly, in relation to the New Urban Agenda (NUA), UN-Habitat played major roles in its development and in the preparations for Habitat III. Work has since commenced in discharging its role as the focal point for the implementation of the NUA. While the UN-Habitat Work Programme and Budget for 2016-2017 is already strongly aligned with relevant SDGs and resonates well with the NUA, the on-going review of the UN-Habitat strategic plan 2014-2019 and the development of the strategic framework and work programme and budget for 2018-19 will further strengthen the alignment with the NUA and recent global agreements. At project level, all new projects must now demonstrate their contribution to relevant SDGs and NUA.

UN-Habitat largely agrees with the comments attached to the ratings under KPI 3, but has a mixed view of comments related to KPI 3.1. UN-Habitat agrees further work must be done to align staff and strengthen the fit of the organization to the strategic plan. Resource allocation is fully aligned with organizational priorities, within the limits of the core financing of the organization, and decisions taken by donors and funding entities on where they wish to have the support of UN-Habitat. There is no scope within existing core contributions for higher funding of partnerships and country/regional strategies, but

UN-Habitat is confident that the current approaches are paying good dividends, within the limits of the funding. It continues to seek additional fund for this work. Additional extra-budgetary resources are being sought for new activities in these areas. With respect to evaluations, UN-Habitat will ensure that projects are properly evaluated in 2017, and will also maintain, within its existing resources, the required approach to corporate and thematic evaluations.

Relationship Management

UN-Habitat is very pleased to see the decentralized matrix management approach is recognized for working effectively to achieve integrated results across programmes and normative work. The extent of collaboration in the matrix structure will be systematically monitored in the work programme 2018-2019 to measure the extent of collaboration between the Branches and Regions through integrated programming. UN-Habitat has put in place provisions for decentralization of business processes to regional offices for procurement, recruitment/ approval of consultants, legal instruments and financial certification of payments. UN-Habitat notes that MOPAN finds no evidence of the extent to which reprogramming and reallocation decisions can or have been made at a decentralized level. UN-Habitat follows a project modality in its earmarked funded activities. Project managers have authority to manage reprogramming and reallocation according to the terms of the agreement, in consultation with their line managers, if required. Reprogramming does need to be conducted within the strategic plan of the organization, but can be initiated locally.

UN-Habitat appreciates the positive assessment from partners, who value our support and have high levels of confidence in the organization. The value added of UN-Habitat's technical cooperation work is evidenced by the continued demand for our work, consequently resulting in a growing technical cooperation portfolio. UN-Habitat is committed to ensuring this trend continues. UN-Habitat will continue to strengthen its partnerships with both traditional and new partners, the UN system, and will devise strategies for enhancing engagement with multi-stakeholder groups such as the General Assembly of Partners (GAP), the Global Taskforce of Local and Regional Governments, and the private sector. The new partnership strategy details specific strategies for engaging with priority partner groups. Moving forward, UN-Habitat hopes to establish a UN system multi-partner facility for coherent knowledge transfer, technical assistance and financing of sustainable urban initiatives (UN agencies, World Bank/IFC; United Congress of Local Governments (UCLG); Human Cities Coalition (private sector); develop and implement a strategy for public private partnership to increase investments in sustainable urbanization; and strengthen the role of the United Nations Advisory Committee for Local Authorities (UNACLA) in UN processes. UN-Habitat will also build on the convening power of the World Urban Forum to mobilize stakeholder participation in monitoring and reporting on progress in implementing the New Urban Agenda. Within UN-Habitat's Technical Cooperation, UN-Habitat will continue its strong community participation and capacity building for local actors to participate in programme design, implementation, monitoring and evaluation.

Performance management and results

UN-Habitat appreciates the efforts made in the report to assess the challenges that UN-Habitat is facing, including the complex roll out of Umoja, and how “...the inflexibility of UN systems, related to financial and human resources management, pose key constraints to the organizations’s efficiency and effectiveness, as does the decline in its core funding.” UN-Habitat engages closely with the UN Secretariat and UNON to improve Umoja’s functionality in a way that is both favorable to UN-Habitat’s decentralized matrix approach and promotes efficient business processes.

UN-Habitat acknowledges and accepts the need to stabilize core funding as a priority. Measures are being taken by UN-Habitat to increase the proportion and volume of flexible and predictable funding through the establishment and accreditation to multi-partner thematic networks which mobilize funds, forge strategic partnerships, streamline the process for voluntary contributions, enhance cost recovery from earmarked activities, and advocate for increased regular budget allocation from the wider UN budget.

UN-Habitat is pleased to see the recognition given to its efforts to integrate gender equality into the organization’s planning and operations. However, the observations about mainstreaming environmental sustainability and climate change considerations do not fully reflect developments that were well underway at the time of the assessment and adopted at the end of 2016. While the report recognizes that environment/ climate change considerations have been successfully integrated in the strategic plan”, it raises concerns that the architecture to support institutional mainstreaming of environment/ climate change as a cross-cutting issue is inadequate. Since September 2015, UN-Habitat has used rating ‘markers’ for mainstreaming the cross-cutting issues of gender equality, human rights and youth. The climate change marker was optional as of September 2015, but was fully integrated in the project approval format as of October 2016 with dedicated resources to ensure that the marker is applied to all new projects. Similarly, a comprehensive system of environmental and social safeguards for UN-Habitat’s interventions, which was under development at the time of the MOPAN assessment, was approved and adopted in December 2016. While staff capacity is being developed, the new safeguard system is being gradually applied to all new projects systematically identifying, categorizing, mitigating and monitoring environmental and social risks throughout the project life-cycle. A long-standing cross-branch and -regional committee (i.e., climate change technical committee) promotes mainstreaming of climate change and engagement of UN-Habitat’s thematic areas and regional offices in addressing climate change in cities within the purview of UN-Habitat’s Climate Change Strategy, 2014-2019.

UN-Habitat appreciates that the substantive progress achieved in recent years in results-based management is acknowledged, but acknowledges further work is required related to KPI 7.3. In particular, UN-Habitat will look at developing a strategic ‘layer’ of result management to supplement the more output focused approach that currently exists. UN-Habitat notes that MOPAN finds much of the reporting is activity-based rather than outcome-based, and trends analysis of results and knowledge management is not yet optimized. There is an on-going effort by UN-Habitat to include outcomes or changes triggered by UN-Habitat’s and partners’ intervention, and it will use a performance measurement plan for collecting data at strategic and programmatic level in the strategic plan. To

further institutionalize results-based management, UN-Habitat will enhance staff capacities through training and coaching and expanding mainstreaming activities, including through the design and roll out of online interactive tools. UN-Habitat will also expand capacity in results-based management of partners implementing UN-Habitat programmes at country level. UN-Habitat will also complete the roll out of its evidence reporting system and institutionalize its utilization to strengthen reporting on linkages between outputs and outcomes. UN-Habitat is institutionalizing a more systematic analysis of feedback during project implementation and project closure to improve management of risk throughout project delivery.

For this strengthened approach to results to be successful, UN-Habitat will continue to develop, resources allowing, stronger monitoring systems, addressing some of the points raised under KPI 7.4. UN-Habitat will incrementally increase resources for corporate monitoring, contributions from member states allowing, and develop stronger integration between Umoja and PAAS on reporting, analytics and information. The continued stabilization and optimization of Umoja will allow for more timely data to be produced for corporate reports. KPI 8.5 will be addressed through this approach, with more timely and visible warnings available on under-performing or delayed projects. In turn, this will allow for continued strengthening of performance data tracking, analysis and presentation, addressing KPI 7.5. The HANA database explicitly allows for the comparison of different data sets. Above all, UN-Habitat has been developing for some time a new suite of performance reports at corporate, divisional, cost centre and project levels. In first instance reports will draw on financial, implementation and delivery data, and to the extent possible, use data from PAAS and IMDIS to correlate project performance data.

UN-Habitat accepts that there is room for a better collection and use of evidence in programme design and management. KPI 8 contains many useful recommendations to this end, although the limits of core resources or the reluctance of many donors to pay for some of these activities must be taken into account. There should be more sharing of lessons learned from interventions, beyond planning meetings and the Project Advisory Group, is needed. While many evaluation reports are already available in shared platforms such as the corporate web-site, the Project Accrual and Accountability Systems and intranet, more progress is needed towards institutionalizing dissemination and follow-up of decentralized evaluations. There is a continuous effort to strengthen the evaluation function in UN-Habitat and ensure that funding and capacity for both centralized and decentralized evaluations are improved in the organization. The Knowledge Management Strategy provides for strengthening of the mechanisms for designing new interventions along these lines (KPI 8.4).

This assessment of UN-Habitat followed the new methodology, MOPAN 3.0. The methodology allowed the MOPAN team to collect data from more partner countries and to assess more and a wider range of organizations concurrently than previously. UN-Habitat finds the assessment approach was satisfactory and yielded credible findings on performance without addressing matters of governance. However, the approach is not without challenges. Firstly, limitations to the number of documents to be reviewed by the MOPAN team (i.e., a flat number was applied to all organizations) made it difficult to provide sufficient documentation unless a standard policy document or report was already available and responded directly to the requirements of the MOPAN team. Secondly, the country survey is well-recognized as an important tool for systematically collecting perceptions of clients and partners at

country level, but it is a resource intensive exercise on both the MOPAN team and the organization. The structure for sharing partners' details and coordinating the surveys at country level is complex, and it does not take into account that partners, such as government ministers and mayors, which are frequent key stakeholders in UN-Habitat's interventions, are less inclined to respond to surveys. Additional methods of collecting perceptions of partners at country level could be considered by MOPAN to help further triangulate findings of the country survey in future assessments.

In conclusion, UN-Habitat wishes to thank the MOPAN team for the positive experience of participating in the 2016 assessment. We have shared the report with our member states and encourage them to use the MOPAN assessment in their considerations in the strengthening of UN-Habitat.