Executive Director’s Informational Briefing to the Committee of Permanent Representatives

(a) Update on Organizational Review

Agenda Item 4

HSP/CPR/42/4
Nairobi, 7 September 2011
A. Introduction

The MTSIP Peer Review carried out in 2010 recommended that “… the next Executive Director of UN-Habitat should consider a new organizational structure with the aim of achieving better alignment with the MTSIP focus areas. Achievement of results within the MTSIP priority areas should be the primary motivation for any such reorganization.”

In response to this recommendation, UN-Habitat has made significant progress with the organizational review process, which was formally launched in February 2011. The main elements of a new organizational structure can now be presented.

B. Objectives of the Organizational Review

The purpose of the organizational review is to establish a structure capable of ensuring more effective and efficient delivery of UN-Habitat’s mandate at the country, regional and global levels. In more specific terms, the organizational review aims at:

- Increasing project efficiency in the field, especially in the early stages of implementation;
- Increasing the productivity of the normative work performed at headquarters;
- Increasing transparency in UN-Habitat’s management and substantive work; and
- Increasing accountability at all levels.

The proposed new organizational structure takes into account the following key recommendations of the MTSIP Peer Review:

- Establishment of an organizational structure to better achieve results within priority areas (Recommendation 1);
- Establishment of a unified planning, monitoring and reporting function (Recommendation 2);
- Transparent definition of programme priorities (Recommendation 3);
- Establishment of an independent evaluation function (Recommendation 5);
- Establishment of cooperation mechanisms at all levels (Recommendation 6);
- Addressing the programmatic aspects while continuing with institutional reform (Recommendation 8); and
- Intensification of efforts to raise the organization’s profile (Recommendation 9).

C. Organizational Review Process

In February 2011, an Internal Resource Team was established, marking the formal beginning of the organizational review process. During the consultative review phase in May and June 2011, UN-Habitat secured highly qualified external change management expertise to facilitate the organizational review. A change management consultant and a senior staff member from the UN Secretariat’s Department of Management came to Nairobi to facilitate the consultative process as a part of the broader UN institutional reform.
The review methodology entailed a series of workshops, interviews and consultations with staff (including out-posted staff) and partners. In addition to staff consultations, a survey was posted on the intranet and conducted over a one week period from 17 to 24 June 2011. A total of 171 staff members responded to the survey.

The results of the organizational review were received from the experts in July 2011. Their report also contained recommendations for improving UN-Habitat’s organizational structure.

D. Main Elements of New Organizational Structure

The main characteristics of the proposed organizational structure are as follows:

(i) A horizontal, flatter matrix organization;
(ii) A project-based organization which brings together normative and operational work under each project;
(iii) A flexible organization working through flex teams;
(iv) An organization with clear delegation of authority down to the project level; and
(v) Both existing field projects and normative/policy work to be managed through a project-based accountability approach.

The substantive part of the new structure consists of the following seven Virtual Branches, each focusing on the implementation of projects in one substantive area.

1. Urban Planning and Design;
2. Urban Land, Legislation and Governance;
3. Urban Economy;
4. Urban Basic Services;
5. Housing and Slum Upgrading;
6. Risk Reduction and Rehabilitation;
7. Research and Capacity Development.

The branches are described as ‘virtual’ because they will consist of staff located in both regional offices and the headquarters in Nairobi, thus breaking down the divide between normative and operational work. A Virtual Branch can also be led by someone located at a regional office. Each Virtual Branch will be headed by a Branch Coordinator.

These seven substantive areas will also become the Focus Areas in the Strategic Plan for 2014-2019 and the Subprogrammes in the Work Programme and Budget, thus ensuring complete alignment between the six-year strategic plan, the two-year strategic framework, the two-year workprogramme and budget, and the organizational structure of the agency. Complete alignment will simplify accounting and reporting, and enhance accountability and transparency.

Gender, youth and partners will be mainstreamed throughout the seven subprogrammes as cross-cutting issues, with projects related to these issues being located in the most appropriate virtual branches, depending on their substantive content. Other cross cutting issues will be climate
change, capacity building, best practices, outreach and communication, and the “Delivering as One” UN approach.

Within each branch will be three to four Units. Each Unit will have a cluster of similar projects. Each Unit will be headed by a Unit Leader.

Under each Unit will a number of Projects. The budget of each project will be at least US$300,000. This is designed to reduce overhead costs. Each project will be managed by a Project Director and supported by a Project Administrator. The Project Director will be accountable for the successful implementation of the project, while the Project Administrator will be responsible for the financial accounting of the project. The whole structure will revolve around the implementation of projects.

Projects will be either operational (field) or normative. However, field projects will also contain a normative element, given the need to learn from field project implementation experience. Normative projects will be funded from core resources, i.e. Regular Budget income and non-earmarked income of the UN Habitat and Human Settlements Foundation. The normative elements of operational projects will be funded from overhead income, or directly from the project budgets. It should be emphasized that the project-based approach to be adopted by UN-Habitat is a management approach. The normative/policy work of UN-Habitat will continue, but managed through a project approach. The project approach will also not affect the contractual status, rights and privileges of staff members. It certainly does not mean that fixed-term or permanent staff will become short-term project staff.

In the new structure, the policy and management/administrative part of the organization will consist of the following offices:

1. **Executive Direction**, consisting of the Executive Office, Chief of the Executive Office, Policy and Strategic Planning, Advocacy, Governing Council Secretariat, and Evaluation;
2. **Management and Administration**, consisting of Management, Administration, Human Resources, and Quality Assurance;
3. **Project Office**, which will include the Regional Offices.

Significant changes in the policy and management/administrative part of the organization include:

(i) A **Project Office**, which will be responsible for coordination of project implementation, preparation of major project documents for fund raising purposes, and coordination of UN-Habitat’s Regional Offices, through which most of the field projects will be implemented;
(ii) An independent **Evaluation Unit** located in the Executive Direction Office, in line with the MTSIP Peer Review recommendation;
(iii) A **Quality Assurance Unit** located in the Management and Administration Office and bringing together programme planning, monitoring and reporting; and
(iv) An **Advocacy Unit**, located in the Executive Direction Office, which is designed to raise global awareness of the urban agenda and the organization’s profile, as well as
to bring together all of UN-Habitat’s main advocacy mechanisms, including the World Urban Forum and the World Urban Campaign.

The accrual accounting method will be followed. This method reports income when earned and expenses when incurred, as opposed to cash basis accounting, which reports income when received and expenses when paid. A project-based solution (PBS) provisionally called “UN-Habitat Accrual Accountability System” (UN-Habitat PAAS) will be implemented with effect from January 2012. This is an enterprise-wide computer software business solution for managing and coordinating all resources, information and functions of the organization from a shared data source in which data can be attributed to and managed through individual projects.

Most staff members, both professional and locally recruited, will be allocated to current projects on the basis of need and of their skills and experience. They will work in flex teams to implement specific projects and each staff member may be assigned to several projects, against which their time will be accounted.

Each flex team will exist for as long as the project exists, after which staff will be reassigned to new projects. This will ensure maximum flexibility and efficiency in the use of human resources. Units and Virtual Branches will also be subject to change, depending on whether or not there is continuing demand for their services.

E. Conclusion

In conclusion, it is important to note that the proposed structure is not theoretical, but derived from a detailed analysis of current projects, in terms of their content, numbers and budgets.

It is envisaged that the new organizational structure will start operating from January 2012, following the issuance of a new Secretary-General’s Bulletin on the Organization of UN-Habitat. It is also envisaged that the UN-Habitat PAAS will start operating at the same time.

On the programmatic side, UN-Habitat’s work will continue to be guided by the MTSIP until the end of 2013, after which the new Strategic Plan for 2014-2019 will take effect.

A plan to guide the implementation of the MTSIP 2008-2013 through the new organizational structure will be elaborated by the end of 2011.