Agenda Item 7:

Progress Report on the Governance Review Process
– Annex 2. Response from UNON (HSP/CPR/44/7/Annex2).
TO: Ms. Aranzazu Banon  
A: Diplomatic Advisor to the Executive Director  
UN-Habitat  

FROM: Chris Kirkcaldy, Officer-in-Charge  
DE: Division of Administrative Services  

DATE: 27 March 2012  

SUBJECT: UN-Habitat Governance Review - Report of the Task Force Team on Relations with UNON

1. I would like to thank you once again for supporting UNON's participation in the 26 March 2012 informal meeting of the UN-Habitat Committee of Permanent Representatives (CPR) on the above-referenced report. I would also like to thank UN-Habitat colleagues and the CPR for the constructive discussion on the contents of this report and pledge UNON's support to future dialogue with UN-Habitat and the CPR on UNON's responsibilities vis-à-vis UN-Habitat.

2. As I stated during yesterday's meeting, the Director-General is committed to improving UNON's relationship with UN-Habitat and other clients and to improving the provision of administrative services. In this regard, we welcome the recommendations made in this report that support this goal. We also support the creation of a clearer delegation of authority and division of responsibility and accountability.

3. As requested during the meeting yesterday, I am hereby submitting UNON's initial comments on the report. Mindful of the urgency requested by the CPR, and the very limited time available to UNON to review this document, these comments focus on our most serious concerns.

4. First and foremost we have difficulty with the lack of balance in this report and believe that a number of the criticisms leveled at UNON - and through it the broader UN Secretariat (particularly the Department of Management) - are either inaccurate or unsubstantiated.

5. The text on the Executive Services Management Board (pages 11 and 12) outlines the language in the UNON Secretary-General's bulletin (ST/SGB/2009/3). While it is correct since the revised ST/SGB has not yet been issued, the report could have taken into account the Director-General's recent memorandum to the Executive Directors of UN-Habitat and UNEP and the related OIOS finding and recommendation on which the memorandum is based.

6. Following the agreement of the Client Advisory Committee at its 10 March 2011 meeting, the Service Level Agreements between UN-Habitat, UNEP and UNON in relation to core services (e.g. budget and finance, human resources management and procurement) were replaced with Service Level Benchmarks, which were considered by the three entities to be a more effective monitoring instrument. Therefore, the report's finding (page 15) that UN-Habitat considers the Service Level Agreement to guide the service delivery of UNON, although it has not been signed, is factually incorrect, as is, therefore, the analysis associated with the finding.

7. A statement to the effect that the "UN Secretariat Regulations and Rules in general, but more specifically current interpretation and application of the rules and procedures, do not fully respond to the nature of UN-Habitat's work, in the sense that most activities are based abroad and UNON is not best positioned to provide timely services outside Nairobi" (page 14) would benefit from substantiation, including detailed analysis. Many UN Secretariat departments and programmes combine normative and operational activities, such as DPKO, DFS, UNODC, UNEP and UNCTAD, and they are supported by entities,
such as the Department of Management, UNOV and UNOG which are guided by the same regulations and rules.

8. The Department of Management’s impending independent review of the administrative roles and responsibilities of UNEP, UN-Habitat and UNON should ensure a clearer division of responsibility and accountability and will likely necessitate changes in the delegated authority of all three UN Secretariat entities. The report, particularly pages 21-22, would therefore benefit from more than a tangential reference to the independent review and more explicit acknowledgement of its objectives (including in respect of the audit recommendations it seeks to address).

9. There is indeed a need, and opportunity, to “revisit and improve the working relationship between client and service provider with the aim of achieving a more efficient and accountable system”. While recognizing that improvements can be made to UNON service provision, it is also important to recognize that clients play a role in the working relationship. In that regard, the relationship between service quality and service funding, service provision and the timely submission of information and inputs, would also benefit from analysis, as compared, for example, to arrangements in Geneva, Vienna and New York.

10. The statement at the bottom of page 16 related to the “lack of clarity regarding which body is in charge of approving functions on payments” would benefit from further clarification and explanation. In this and further analyses on accountability and the authority exercised by UN-Habitat vis-à-vis UNON, there is no mention made of the requirement for the critical separation of functions. UNON does perform the approving function in accordance with Financial Rule 105.6 but this is an accounting function and does not exceptionally constrain or qualify the authority of programme managers. That this function is performed by technical specialists assigned to UNON should be regarded as beneficial to UN-Habitat and Member States. Where UNON staff cannot perform this function directly in offices outside Nairobi, very specific delegations of authority are issued by UNON to UN-Habitat staff, and the performance of those delegations is carefully monitored by UNON. This approach is common to many field operations of UN Secretariat programmes. If properly explained, there should be no lack of clarity.

11. The comment that "the INSPIRA system for vacancies application is unanimously regarded as particularly complications and inefficient in functioning" seems to be unduly generalized and it ignores the development of INSPIRA since its initial launch. It would be more appropriate for UN-Habitat to limit its comments to UN-Habitat views. UNON would also dissociate itself from the statement on page 17 that, "Both UN-Habitat and UNON agree that the Office of Human Resources should not have introduced such a system," and to the comments made on page 18 regarding the perception of Nairobi as a duty-station.

12. Reference to UNON’s conference services taking too long in delivering translations (page 17) would benefit from substantiation.

13. It would be helpful if the statement that “procurement procedures are lengthy and burdensome” and the comment regarding the “inability of UNON to procure in a timely manner” (page 19) were contextualized, such as distinguishing between UN prescribed processing times (such as apply to Requests for Proposals) and the time taken by UNON's Procurement Section to perform functions within its direct control. It should also be noted that use of other procurement services, such as those offered by UNDP in relation to field operations, is entirely normal and acceptable (as envisaged by UN Financial Rule 105.17).

14. Reference to the “Lack of efficiency and weak accountability seem to be the main weaknesses in the current functioning of the [procurement] system. There seems to be no mechanism or tool to measure compliance with timely and effective delivery. In spite of this shortcoming, UN-Habitat is accountable to the donors and to Member States for efficient programme delivery.” (page 20), would benefit from substantiation. A more balanced view on the roles and responsibilities of the service provider and client in the efficiency of the system would also be of value, as would references to the oversight of UNON by UN headquarters and oversight bodies.

15. Reference to PMS and PAAS as “two modern and tested management tools” (page 21) would benefit from rewording, as it is our understanding that the PAAS has yet to be built and implemented. We also understand this to be a management information system.
16. It is not clear what is meant by "the introductory phase of accrual accountability has allowed a better understanding of the 5,4 MUSD deficit of 2010", specifically "accrual accountability" (page 21). It should be noted that UN-Habitat accounts are maintained in accordance with UN System Accounting Standards.

17. With regard to the statement that "PMS and PAAS are not just accounting systems that keep record of economic facts, but they are also modern management tools and efficient instruments to grant accountability and transparency" (page 21), the UN Controller is responsible for approving the establishment of all UN accounting systems in accordance with UN Financial Rule 106.2. This approval has yet to be provided to UNON, which is currently responsible for UN-Habitat accounts using IMIS. Similarly, if PAAS has "consequences for the current system of certifying and approving functions, since the new programme - in line with the modern and generally accepted principles of accountability permits only to outsource technical support of accountability but not the authority, since approving functions fall under the authority that is accountable for programme delivery," the consequences must be discussed and accepted, including by the Controller, since they pertain to long-standing and widely applicable UN controls (and the separation of functions).

18. The statement that, "UN-Habitat as a full-fledged Programme, who is accountable to donors and to Member States for effective delivery of its Mandate. UNON, as an entity of Administrative nature, is responsible for the provision of administrative support services," (page 22) would benefit from revision. UNON is equally accountable, including to the General Assembly, the Department of Management and UN oversight bodies. In that regard, it is our view that the authority vested in UNON is already assigned to the "accountable instance" (page 22).

19. In respect of "Establishment of an effective Institutional Communication Mechanism" (page 22), the new Client Advisory Committee was established to: foster transparency and understanding and enable UNEP and UN-Habitat to guide the provision of UNON services to their programmes; enable UNEP and UN-Habitat to provide feedback on UNON service quality, agree on the allocation of core budget resources and identify service improvement priorities; and, provide written advice to enable UNON to take informed decisions on all matters pertaining to the management of UNON services.

20. Finally, the statement that "the control function and the function as service provider do not appear to be well balanced" (page 23) would benefit from substantiation and an assessment of risks in this area, including perhaps consultation with OIOS.

cc. Sahle-Work Zewde
    Alexander Barabanov